

BUSINESS WEEK

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BUSINESS
WEEK
INDEX

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Now is the time for all good men to *forget* the party

The victorious party was elected to save America. But politicians can't do that. Only America—and it will take every one in America—can do it.

This country has never been invaded because in the past every American rose up in wrath at the first threat. But squirrel rifles and shotguns aren't going to stop an invader today equipped with planes and captured battleships—and poisonous propaganda that whispers to you not to work too hard on those new planes and ships your country needs so desperately.

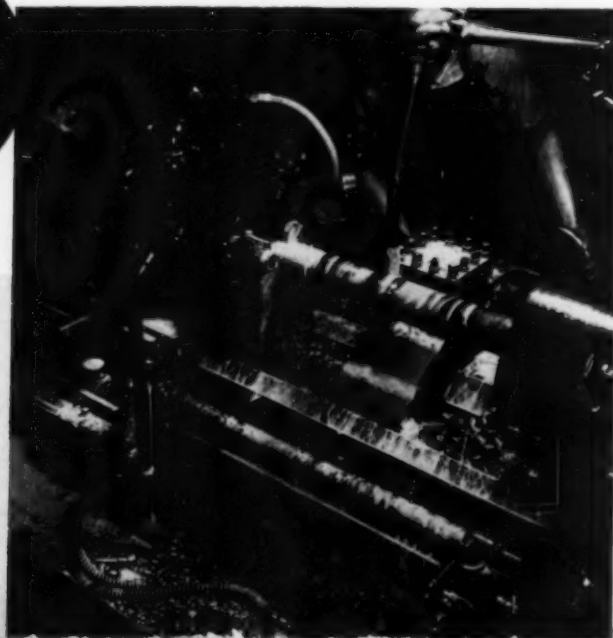
Has America become a nation of weak and greedy cowards ripe for a dictator's rape—or are we going to rise up in the true American way and beat the enemies that are tightening around us? Wrath itself never beat an enemy but wrath translated into work will. We have the soldiers,

aviators, sailors—but they can't fight without weapons. Are you going to give them weapons in time?

This Company believes intensely in the social gains of the last ten years, in fact we've practiced many for much longer. But we believe the time has come when all of us must work longer and harder than we've worked in years, in order to save this country—in order to have a country in which social gains are possible. If we don't work long and hard *now* for America we will soon be working longer and harder for some foreign master. Make no mistake about that.

This war will be won for America—or *lost*—in the machine shops of this country. German machine shops working at top efficiency beat France who took it easy . . . What is going to be the verdict—and the victory—for America?

**WARNER
&
SWASEY**
Turret Lathes
Cleveland



WASHINGTON BULLETIN

FOR BUSINESS BY BUSINESS WEEK'S WASHINGTON BUREAU

Inflation Fear Grows

Anxiety concerning price inflation is growing. Consensus of Administration economists is that the rising spiral will quicken soon. This expectation is shared by those who have exerted strenuous efforts to stave it off.

Psychologically, the bridge seems to have been crossed on election day. This has a political flavor but is nonetheless real. Of course, the New Deal contingent asserts that Willkie spread alarm by airing dire predictions on this touchy topic. But certainly Secretary Morgenthau's post-election remarks can be regarded as justifying Willkie's apprehension, for the Treasury head's bald anticipation of a boost in the debt limit to \$65,000,000,000—realistic though it is—and his remarks on checking inflation by taxation have contributed to popular concern, and that can be a tremendously aggravating factor.

Breaking Up Squeeze Play

In various Washington quarters, including the Defense Commission, it is accepted that, with increases in wage rates and purchasing power, the upward spiral of prices can be checked only by increasing output of normal consumer products. This doesn't condone speculative increases in production or productive capacity of consumer goods. It simply suggests the necessity for a measured expansion to offset the squeeze which will develop as the defense program makes inroads on normal production—two-sided squeeze resulting from less goods and more demand for them.

Pressure on Prices

The Administration's price watchdogs are gratified by the vigor with which the retail trades are jumping with both feet on unjustified price increases back along the line of supply. However, nobody is blind to the fact that retailers can't pipe the tune much longer, as we move from a buyer's into a seller's market.

The subject of price inflation was not faced point-blank at Defense Commissioner Harriet Elliott's conference with wholesalers and warehousemen this week, but a warning was uttered against hoarding and speculation at the wholesale level.

Instead of handling such hot potatoes as the "abandonment of fair trade during a national emergency" Miss

Elliott's staff preferred to stage a peaceful cooperation-meeting, leaving real price problems to be tackled at later sessions between a small committee of wholesalers and government economists. This strategy worked. No one at the meeting got scared. A committee of nine wholesalers was appointed to conduct future relationships with Miss Elliott's office.

No Progress Report

First formal get-together since the election of the New Deal hierarchy and prominent men of business and finance was hardly successful in finding a common approach to re-employment of labor and capital.

Thurman Arnold, Ben Cohen, Lauchlin Currie, Leon Henderson, and Rex Tugwell met with a group of bankers, industrialists, and representatives of labor here Tuesday, under the auspices of the Savings Bank Journal, to discuss these major problems.

Restatement of the New Deal's spending theory by Richard Gilbert, Department of Commerce economist, evoked as much distrust among the banks and business men as ever. An exchange between Arnold, who is in charge of anti-trust law prosecution, and Rex Tugwell also failed as a confidence restorer. Tugwell's remarks were for, and Arnold's against, revival of the NRA.

Tools for the British

Aid to Britain got another boost this week with appointment of a machine-tool priority committee. Most pressing problem is giving the British a place in the voluntary priorities system so that orders for machine tools to build British planes, tanks, or guns in U.S. factories will be put ahead of commercial orders for machine tools.

This committee also will work with the Priorities Committee of the Army and Navy Munitions Board in eliminating conflicts between domestic priority orders. While not all defense orders now have the same priority, all machine-tool orders for aircraft factories do have A-1 rating.

Theoretically, there should be no difficulty, as a preference number merely requires that sufficient priority be given an order to permit completion by delivery date. But in the hurry to get contracts out, insufficient attention was given to avoiding conflicts of delivery date. Restudy of all outstanding

contracts to straighten this out by more staggering of dates now is under way.

Organizers Protected

To prevent employers from "rail-roading" union organizers and agitators into military service, Secretary of Labor Perkins has loaned one of her favorite aides to Selective Service Director C. A. Dykstra. He is Joseph M. Tone, former Connecticut Labor Commissioner. Miss Perkins made a special job for Tone here after a Republican victory in 1938 cost him his state position.

The Selective Service Act provides that conscription workers in essential occupations may be deferred. It will be Tone's task to ferret out cases in which employers are suspected of deliberately omitting from deferment lists workers particularly active in union affairs.

Defense Labor Trouble

A new labor problem was tossed into the lap of the Defense Commission this week when a wildcat strike—unauthorized by union officials—closed everything but the power plant at the Midland, Pa., plant of the Crucible Steel Co. Important in defense production, the Midland works have been operating 24 hours a day, turning out steel for fabrication into airplane parts, guns, and shells at the company's New Jersey mills. Both British and American orders are affected by the stoppage, which is keeping about 4,000 men idle.

Workers allege three grievances: (1) an incentive bonus system introduced in violation of a contract provision calling for joint company-union discussion of all wage changes; (2) a speedup; (3) anti-union discrimination by one plant foreman. Union officials went into action immediately in an effort to get the men back to work.

Planning Plus

An advisory committee which is slated to be composed of the leading figures in the communications industry such as A.T.&T. President Gifford, R.C.A. Chief Executive Sarnoff, I.T.&T. Chief Benes, Western Union's White, Columbia Broadcasting's Paley, and NBC's Trammell will guide the government's board that is charting the role of the telephone, telegraph, and broadcasting services for national defense or war emergency.

The Defense Communications Board,

made up of the heads of the FCC, Army Signal Corps, and Naval Communications, has just disclosed a "blueprint" of a group of 15 government and industry committees to aid in communications defense planning.

To counteract any idea of too much management participation, the New Dealers also have established a labor-union group to advise the board.

Blimps by Goodyear

Lighter-than-air ships can drift about night and day, saving their fuel, float down wind quiet as a cat upon any mischief that may be afoot. There's nothing like them for patrol. Congress authorized 48 blimps along with the Navy plane program. A \$1,324,000 contract has been awarded to Goodyear, the only bidder, for four patrol and two training blimps. It is not known when the balance of the 48 will be ordered.

Navy officers have been inspecting lighter-than-air base sites in Florida. Lakehurst will be continued. Presumably the intention is to patrol the Atlantic Coast from these two spots. Whether any of the 48 are destined for the Gulf and the Pacific Coast is speculative. The Navy still has authority to order a \$3,000,000 dirigible, which would carry and release airplanes, for training purposes, but it's doubtful if this will be done while the pressure is on airplanes.

Safeguards for Oil

A study of methods of protecting oil storage and pipeline facilities against attack and sabotage has been initiated by the American Petroleum Institute at the request of the Defense Commission. A regional organization is being set up to work with local Army and Navy representatives.

No recommendations for wholesale construction of underground storage are expected to result. Most attention will be given to firewalls, extinguisher systems, and the like, with emphasis on the desirability of comparatively isolated locations.

The commission feels, however, that where it proves necessary to build new storage facilities in congested areas with high land values, underground storage might produce enough economy of land so that it would cost only a little more than overground tanks. In such cases consideration will be given to underground construction.

Stunted Stockpile

The aviation gasoline stockpile program is on the rocks. Months ago the Defense Commission worked out a detailed program to keep plants working near capacity by purchasing surplus

and having refiners store it at government expense. The RFC set up \$50,000,000 subsidiary for this purpose.

Legal red tape and hesitancy of Army and Navy to make long-time commitments to purchase from RFC at cost plus interest plus operating expenses have put the plant on the shelf at least for the present. Army and Navy will build some storage themselves, but if and when we get those "50,000" planes in the air, we may be crowded for 100-octane fuel.

Counsel for Army Cooks

The American Restaurant Association has "volunteered" to help the Army set a good table for the conscripts. A liaison office is being set up under George M. Moffett, Knudsen's food expert, to bring technical advice and assistance to Army camps from the kitchens of A.R.A. members.

The restaurant men won't furnish the cooks. Rather, they will provide instruction and advice to the new two-month Army cooking school graduates.

Important to the food industry is the fact that this policy is expected to help coordinate Army and institutional food purchasing, not so much in terms of commodities purchased as in the packaging. General policy will be for all camps to supply themselves locally.

Restraining NLRB

The principle that the Wagner Act is not punitive, inherent in the law itself and frequently referred to by NLRB officials in its defense, was sustained by the Supreme Court this week in the Republic Steel case. In this instance, the court held in a 6-to-2 opinion by Chief Justice Hughes that the labor board could not require the steel company to reimburse public relief agencies for payments made to striking employees.

Experience Rating

Computing an employer's liability for unemployment compensation on his "experience rating" again is in jeopardy. All state employment administrators will vote by mail within the month on whether they favor continuation of such rating provisions in state laws or abandonment of the system. The poll is the upshot of sharp controversy at a conference here last month. A majority report from a special committee opposed continuation.

Advocates of the system anticipate a determined drive to hamstring experience rating either by action on the ground by state legislatures or by congressional amendments repealing the "additional credit" provisions of the internal revenue code. Lined up against

experience rating are A.F.L., C.I.O., influential officials of the Social Security Board, and many state officials.

Medicine on the Air

Little does the radio industry know how close it came to losing a source of big advertising revenue. For 18 months the Federal Trade Commission toyed with the idea of compelling drug advertisers to include warnings against misuse of their preparations in all advertising. This would have hit radio hardest because there's no way to tone down the effect of a warning over the air, whereas it is possible to "cover up" in printed advertisements.

FTC, however, has just made up its mind definitely—if proper warnings appear on the label of a drug product, there is no need to repeat them in all advertising. All the advertiser has to do is tell the consumer to use the product as directed on the label.

• **Single-Handed**—The proprietary drug industry won its ruling from Federal Trade without the help of either the advertising industry or the radio industry.

P.S.

Asked how it feels to get from the government a cost-plus-fee contract after years of competitive bidding for business, a construction man said he sees himself as a dog that has been chasing autos all his life and finally gets his teeth in a tire. . . . Many a stone is being turned over in the defense program that obviously isn't given any publicity. For example, plans are ready in the Department of Justice for converting certain federal penitentiaries into internment centers. . . . Dr. Edward P. Warner's term as member of the Civil Aeronautics Board expires Dec. 31. No opposition candidates are mentioned. Warner is vice-chairman of the board. . . . Intramural gossip puts Rex Tugwell in as Chief Forester, succeeding the late F. A. Silcox. . . . Democratic National Chairman Edward J. Flynn says he conducted the campaign without reading the Hatch clean-politics law. . . . All four of the Agriculture Department's regional labs will be operating in a few weeks. The Philadelphia lab opened in August; Albany, Calif., is starting up. Labs at Peoria and New Orleans will be occupied in a few weeks. Object is broader utilization of farm products. . . . Winter's tale: A running story of New Deal finances since its beginning is being prepared by the Treasury Department for the enlightenment of Congress in January. With sparing use of statistics, the book will cover all financial legislation and Treasury operations which has kept the Administration afloat in red ink for eight years.

FIGURES OF THE WEEK

THE INDEX

\$ Latest Week	Preceding Week	Month Ago	6 Months Ago	Year Ago
*139.6	†137.8	134.4	109.1	123.5

PRODUCTION

Steel Ingot Operations (% of capacity).....	96.1	96.0	94.4	70.0	93.5
Automobile Production	120,948	118,092	108,457	98,480	86,200
Engineering Const. Awards (Eng. News-Rec. 4-week daily av. in thousands)...	\$22,902	\$26,240	\$21,665	\$8,817	\$11,492
Electric Power Output (million kilowatt-hours).....	2,720	2,734	2,665	2,388	2,514
Crude Oil (daily average, 1,000 bbls.).....	3,584	3,480	3,642	3,825	3,797
Bituminous Coal (daily average, 1,000 tons).....	1,435	1,458	1,447	1,339	1,764

TRADE

Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars).....	83	86	83	70	80
All Other Carloadings (daily average, 1,000 cars).....	49	54	51	40	53
Check Payments (outside N. Y. City, millions).....	\$4,632	\$4,674	\$4,212	\$4,146	\$4,106
Money in Circulation (Wednesday series, millions).....	\$8,385	\$8,265	\$8,199	\$7,589	\$7,409
Department Store Sales (change from same week of preceding year).....	-5%	+6%	+1%	+4%	+13%

PRICES (Average for the week)

Business Week-Annalist Cyclical Commodity Index.....	81.71	80.76	78.85	72.71	81.94
Spot Commodity Index (Moody's, Dec. 31, 1931 = 100).....	167.5	164.9	163.3	163.8	162.0
Industrial Raw Materials (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	120.5	119.0	115.8	115.1	126.3
Domestic Farm Products (U. S. Bureau of Labor Statistics, Aug., 1939 = 100).....	121.4	118.8	117.9	121.9	112.2
Iron and Steel Composite (Steel, ton).....	\$38.06	\$38.06	\$38.07	\$37.25	\$37.53
Scrap Steel Composite (Iron Age, ton).....	\$20.75	\$20.67	\$20.67	\$17.58	\$19.83
Copper (electrolytic, Connecticut Valley, lb.).....	12.032¢	12.020¢	12.000¢	11.383¢	12.500¢
Wheat (No. 2, hard winter, Kansas City, bu.).....	\$0.82	\$0.81	\$0.81	\$1.05	\$0.87
Sugar (raw, delivered New York, lb.).....	2.90¢	2.88¢	2.78¢	2.88¢	3.03¢
Cotton (middling, ten designated markets, lb.).....	9.57¢	9.41¢	9.32¢	10.07¢	9.41¢
Rubber (ribbed smoked sheets, New York, lb.).....	21.03¢	20.51¢	20.38¢	23.22¢	20.45¢

FINANCE

90 Stocks, Price Index (Standard Statistics).....	89.9	87.7	84.0	89.3	100.5
Medium-Grade Corporate Bond Yield (30 Baa issues, Moody's).....	4.48%	4.53%	4.57%	4.81%	4.88%
U. S. Bond Yield (average of all issues due or callable after twelve years)....	2.00%	2.08%	2.09%	2.28%	2.51%
U. S. Treasury 3-to-5 year Note Yield.....	0.35%	0.40%	0.45%	0.48%	0.68%
Call Loans Renewal Rate, N. Y. Stock Exchange (daily average).....	1.00%	1.00%	1.00%	1.00%	1.00%
Prime Commercial Paper, 4-to-6 months, N. Y. City (prevailing rate).....	1-1/8%	1-1/8%	1-1/8%	1-1/8%	1-1/8%

BANKING (Millions of dollars)

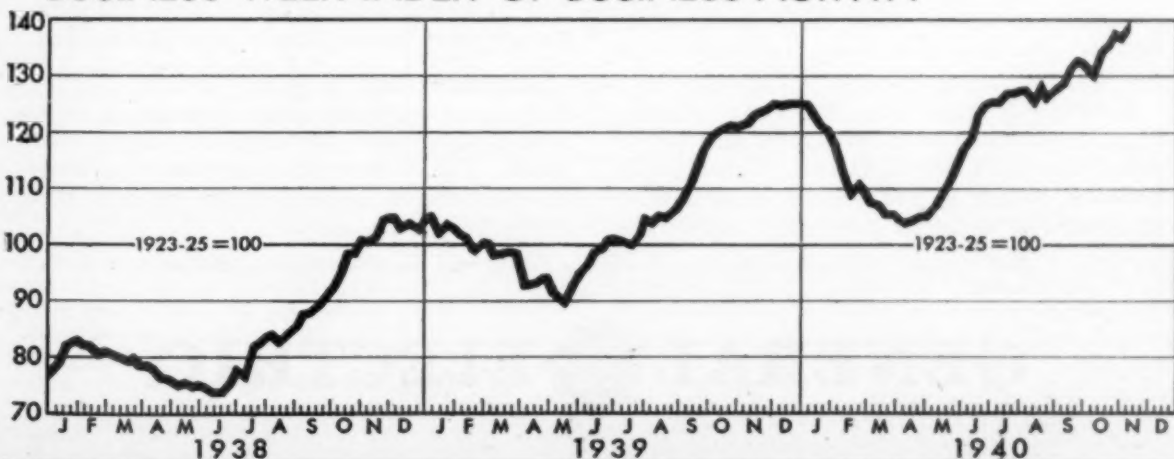
Demand Deposits Adjusted, reporting member banks.....	21,592	21,858	21,238	19,741	18,660
Total Loans and Investments, reporting member banks.....	24,729	24,602	24,327	23,576	22,835
Commercial and Agricultural Loans, reporting member banks.....	4,827	4,773	4,672	4,404	4,330
Securities Loans, reporting member banks.....	902	865	871	1,091	1,094
U. S. Gov't and Gov't Guaranteed Obligations Held, reporting member banks.....	12,108	12,001	11,858	11,466	10,970
Other Securities Held, reporting member banks.....	3,613	3,692	3,669	3,456	3,344
Excess Reserves, all member banks (Wednesday series).....	6,730	6,930	6,820	6,131	5,354
Total Federal Reserve Credit Outstanding (Wednesday series).....	2,362	2,381	2,445	2,507	2,721

* Preliminary, week ended November 9th.

† Revised.

§ Date for "Latest Week" on each series on request.

BUSINESS WEEK INDEX OF BUSINESS ACTIVITY





What's Up?

PEOPLE in and around Schenectady, N. Y. are looking up these nights, watching the beams from giant searchlights being tested at the General Electric plant. In other parts of the world whole cities huddle underground, while sirens wail and bombs crash—but these Americans watch without fear. The sharp fingers of light sweeping silently across the sky are reassurance, symbols of security. Industry is on the job, providing the eyes of defense.

Searchlights are not the only defense items being built in Schenectady and in the other plants of General Electric. Great steam turbines totalling millions of horsepower, to drive the ships of America's expanding

navy, are under construction; intricate controls to direct the operation of warships, tanks, planes, and guns; radio equipment for use on land and sea and in the air.

Here too, moving toward completion, are hundreds of other devices vital to the nation's defense needs—motors, generators, turbines—that will be put to work throughout industry wherever armaments are built.

For more than 60 years General Electric scientists, engineers, and workmen have been finding ways to make electricity more useful. Today they are applying electricity to the task of defending the benefits that it has helped to create.

G-E research and engineering have saved the public from ten to one hundred dollars for every dollar they have earned for General Electric

GENERAL  ELECTRIC

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THE OUTLOOK

Construction Shows the "Spiral"

Rise in building follows expected expansion pattern as initial price increases stimulate investment. Inflation talk spreads but there's an antidote in the medicine chest.

Foreign developments took head-line precedence over domestic politics this week as the Presidential election passed off the front page. Mr. Molotov called on Mr. Hitler; the Greeks continued to give the Italians a bigger battle than Mr. Mussolini had reckoned with, and the Queen Elizabeth, largest liner afloat, steamed out of New York harbor to augment the sorely-beset British merchant marine by serving, presumably, as a troopship.

Meanwhile, the Business Week Index moved up sharply again, largely because of another burst of heavy engineering contracts awarded. Unquestionably, under the prod of the defense program, construction has become a powerful force for economic expansion. Both residential and industrial building are now running at the best rate attained since late in 1929. Defense is creating a demand for additional plant capacity; new plants require workers, and workers require homes. It's the upward spiral at work.

• **Costs and Initiative**—Building costs are affected. Three weeks ago this department noted that advances in wages and in lumber prices had raised the cost of heavy engineering construction (BW—Oct. 26 '40, p. 14). Now another rise has occurred this month. Moreover, the movement has widened to include residential operations. After remaining nearly constant for eleven months, the American Appraisal Co.'s index of building costs advanced 2% in September, and again moderately in October. This is the type of occurrence that causes luncheon-table conversations to drift around to whether higher prices will affect building, and frequently homespun economic theories are dusted off to prove that price rises put a damper on initiative.

Ultimately, advancing prices are bound to affect the willingness of manufacturers and prospective home-owners to buy factory and living-room space. But initial advances, such as have occurred so far, only serve to whet appetites for investment in property—there is always the speculative prospect of making a turn in real estate. Hence, it hardly is sound to conclude, at this stage of the game, that higher costs will put the quietus on the incentive to build. It's the other way around.

• **Different from '37**—And when Secretary of the Treasury Morgenthau said last week that an increase in the debt limit to \$60,000,000,000 was needed, he provided just the stuff to accelerate the demand for the "real things"—the so-called "hedge against inflation." Stock prices rallied from their immediate post-election setback and commodities went on a week's spree. For the first time since the devaluation-of-the-dollar days of the Roosevelt Administration, people have begun to take inflation seriously. It is true that back in 1937 there was a price scare, but it centered primarily on avoidance of higher costs and delayed deliveries due to labor troubles rather than to a desire to get on the bandwagon while prices were still low.

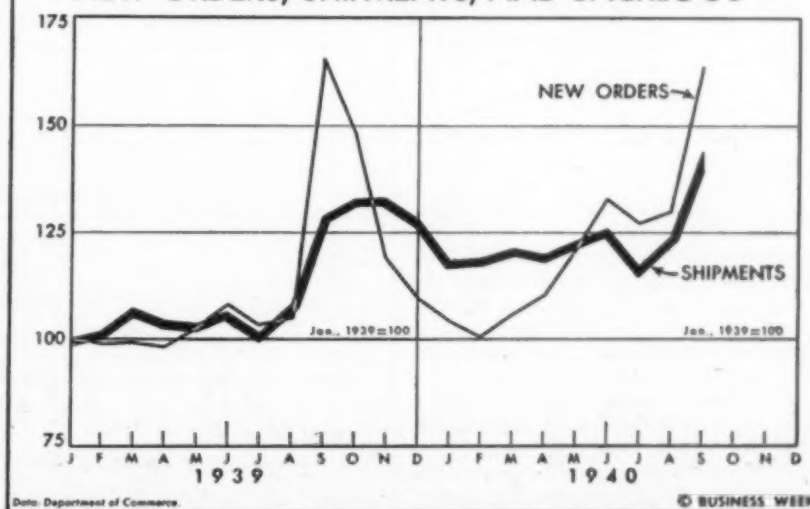
• **Boom Fears Reach F.R.B.**—The Fed-

eral Reserve Board has become disturbed by the possibility of a boom—with excess reserves pushing up near the \$7,000,000,000 mark. (It is hard to remember back to the days when the American banking system had no excess reserves at all but, instead, was in debt to the Federal Reserve. And that takes you back only to the late '20s!) And so, quiet work is being done to persuade Congressmen to elasticize the board's authority over member-bank reserve requirements. The object is to get sufficient control to check "undue" expansion of bank credit.

Yet, at this very moment, expansion is urgent. Donald M. Nelson, coordinator of defense purchasing, told a group of Federal Reserve Bank officials only this week that no contractor or subcontractor on defense work should be held up through failure to obtain the necessary credit to produce government orders. Accordingly, it seems inevitable that credit expansion is under way, and that no amount of talk of control will stop it.

• **Antidote for Inflation**—But a vast distinction can be drawn between expan-

IN THE OUTLOOK—
NEW ORDERS, SHIPMENTS, AND BACKLOGS



Since May new orders have been pouring into American corporations faster than they have been able to fill them. And with incoming business outstripping shipments, the implication is that backlogs are piling up; as a corollary, it follows that the current rate of industrial operations has further to run. The inventory picture is also bullish. Corporations expanded stocks

on hand heavily in the war-buying rush of September-December, 1939, but purchasing agents have quieted down since then. Result: the Department of Commerce manufacturers' inventories index shows a picture of comparative stability; it stood at 109.3 in January and currently (for September) is 111.7—or an eight-month gain of only 2.2%.

sion and inflation, though inflation is oftentimes a loose word for expansion. And right now the business rise we are having is expansion. Further, it is hard to conceive of prices sky-rocketing while plant capacity and man-power are not fully occupied and while marginal producers are coming into production to meet demand for goods at rising prices.

So long as marginal producers remain, they act as a check on wild-and-wooly price increases. Indeed, it can be said that power to produce is the automatic antidote for inflation. Thus, the very expansion in plant that at the present time is causing prices to rise will ultimately be the brake that prevents prices from advancing further.

Can the Unions Achieve Unity?

John L. Lewis, washed up, still has it in his power to decide whether C.I.O. moves toward labor harmony under Murray or breaks up altogether under a stooge regime.

For five years, the American labor scene has been one of unceasing civil strife. One man, adamant in will and intransigent in his determination not to relinquish the field without a total victory, has been held responsible for that picture. That man is John Llewellyn Lewis.

Bold and belligerent, Lewis has written a page into the history of organized labor in America which is unique. Aggressively, he created a movement which transformed industrial relations and converted mass production industries from open-shop citadels into strongholds of unionism. As organizer and fighter he is without a peer among labor leaders. For a while he looked invincible. Then something happened.

• **Enter the Yes-Men**—In the spring of 1937 the "Little Steel" companies licked him cold, and the myth of his invincibility died a hard death. Feeding no longer on unchecked power, Lewis changed. Instead of maintaining his position in the labor movement by dint of his successes, he buttressed himself with the privileges and prerogatives of totalitarian rule. He established a dictatorship in the C.I.O. based, not on the loyalty of his following, but upon authoritarianism. He surrounded himself with yes-men who were ready to play the sycophant in return for his favors. He advised with no one, brooked no opposition.

When the public, caught between the upper and the nether millstone of the A.F.L.-C.I.O. jurisdictional strife, demanded labor peace, he grudgingly went through the motions of parleying with A.F.L. representatives but disrupted and sabotaged until peace, with him in the picture, was impossible.

• **Peace Plan Vetoed**—In December, 1937, A.F.L. and C.I.O. delegates unanimously approved a formula for uniting the two groups, confident that, given the will, the details could be worked out. The agreement recognized the principle of industrial unionism for the mass-production industries, without which unions could never have been established in steel, auto, and

rubber. It was vetoed by Lewis and never presented to the C.I.O. membership.

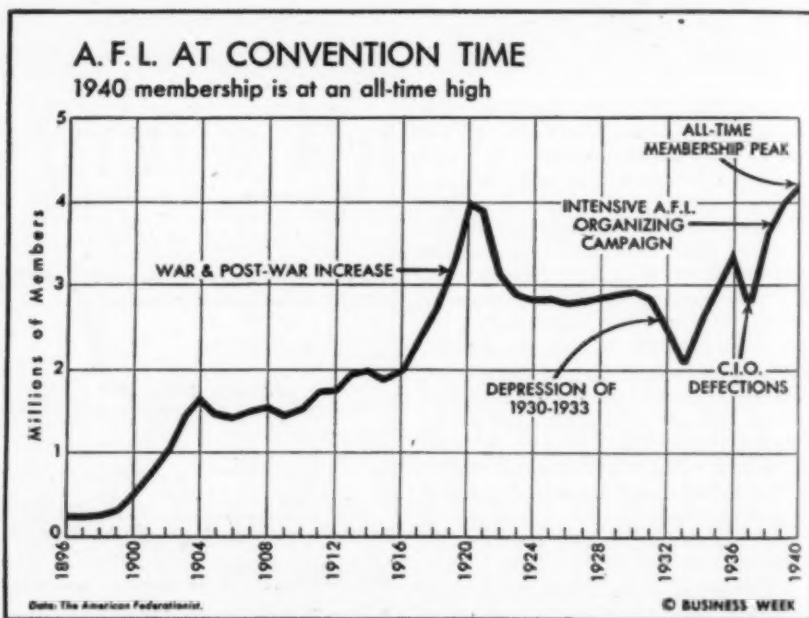
In March, 1939, President Roosevelt called A.F.L. and C.I.O. chiefs to the White House. The President told the group that it was essential to the public interest that they make peace. Lewis's response was to lay on the President's desk a C.I.O. peace proposal. To the A.F.L., Lewis said in effect: "Take it or leave it." When the federation named a committee to discuss the proposal, Lewis was adamant.

• **Call That Didn't Come**—More than

a year ago, by dint of Sidney Hillman's intervention, the standing committee named by A.F.L. to negotiate peace got an audience with Lewis. The committeemen thought they convinced him of the wisdom of exploring the possibility for unity. It was agreed that he would meet with them when he finished negotiating with the coal operators. He was to call them when he was free. To date they haven't heard from him.

But three weeks ago Lewis did submit a proposal to his members. He asked for a mandate from his rank and file. "Vote," he said, "for me or Roosevelt." The election result was his answer. He had gone too far along the road to dictatorship to risk an open poll. Erstwhile followers repudiated him. As a claimant to the leadership of American labor, the ex-coal digger is done.

• **He Has to Make Good**—On the eve of the fifth annual convention of the C.I.O., which will assemble in Atlantic City Nov. 18, Lewis is in eclipse. Like it or not, he's going to have to make good on his promise to step down. For a man who takes himself as seriously as Lewis, the prospect of becoming the tag line for jokes of vaudeville comedians is sufficient reason for not backtracking from his election pledge. But the question of the amount of in-



Meeting November 18 in New Orleans for its 60th annual convention the A.F.L., with dues-paying membership at an all-time high, is on the crest of its wave. Feeling that their arch-enemy, John L. Lewis has reached the nadir of his prestige, delegates will discuss the possibility of closing the five-year schism that has kept the two

wings of labor apart. In addition, the conclave is expected to devote its attention to the problem of purging racketeers from local affiliates, to working out plans for organizing the national-defense industries, and to plumping for stricter enforcement of federal labor laws. The sessions will last two weeks.



MOSQUITO BOATS

The British-built PT-9 (left, above), first of the Navy's "suicide fleet" of small 60-knot motor torpedo boats, had its first trial runs in New York's East River last week, along with its American-built sister the PT-10. Apparently, these "mosquito boats" are almost free of bugs. This is implicit in the report that quantity orders will be

placed for Packard's 1,350-hp. V-twelve marine engine (right), which powers the PT-10. Though Packard won't yet say how many additional engines are involved (700 are now on order), there is talk of 2,000. These would be split among the U. S., Canada, and Britain—with Britain getting the lion's share. Packard is building its new marine power plant in the building devoted to the Liberty en-



gine in World War days. In one year, 85 engines valued at \$2,000,000 have been made and shipped. Contracts received from the three governments now stand at \$17,000,000, having been augmented recently by a British order for about 200. With more than 600 engines remaining to be built, Packard is spending several hundred thousand dollars to lift daily output from one to three engines.

fluence he will continue to exert in C.I.O. councils is still to be determined.

His logical successor is the able, anti-Communist, unity-minded Philip Murray, who rolls his r's like a true Scot and, in a quiet, unpublicized way, has been just about the most effective negotiator that labor has had. Because of his 30 years of intimate association with Lewis as vice-president of Lewis's United Mine Workers and because of his deep-seated loyalty to Big John, which only collapsed when his chief endorsed Willkie, Phil Murray is determined not to accept the C.I.O. presidency unless Lewis assures him that he can have a free hand and the support of the coal miners' union which Lewis will still head.

• **Murray's Requirements**—Murray will not consider the office unless he is sure he can do a job of housecleaning in the C.I.O., purge the Communist and the Greenwich Village theorists who would like to make it a crusade, and establish some workable basis for unity with the A.F.L. To accomplish this program, Murray needs the support of the powerful miners' union and their treasury. If Lewis offers it, Murray is the next president of the C.I.O. If it is not forthcoming, Murray will scorn participation in the left-inspired movement to draft Lewis and will sit idly

by while Lewis names some faithful stooge to succeed him.

If the next president of the C.I.O. is a Charley McCarthy for Lewis, the C.I.O. will fall apart. Three important unions certainly, and a half dozen others probably, will refuse to send in per-capita dues to national headquarters. These are the Amalgamated Clothing Workers, the United Textile Workers, the Wholesale and Retail Employees, plus the unions in rubber, shipbuilding, aluminum, auto, glass, and steel. Some may return to A.F.L., as the International Ladies' Garment Workers did.

• **Still the Last Word**—Thus, discredited among labor as he is, Lewis still has the last word. He can wreck the movement which he launched five years ago, and in so doing loose storms which will embarrass the defense program and hearten the Communists; or he can stand aside to let Murray lead the C.I.O. back into the main stream of American trade-unionism.

It might be added that the long-term prospects for labor unity are reasonably bright regardless of what Lewis does. If he tries to retain control of the C.I.O., a kind of peace will be achieved by processes of disintegration and default. If he relinquishes his control, unity will be an immediate and direct objective of the new régime.

Planes—Auto's Job

Detroit will make parts and sub-assemblies for planes to be built in new plants managed by aviation men.

Last summer, when America first set its defense sights on the creation of a vast air armada of 50,000 planes, the big question was what part the automobile industry might be able to play in the gigantic undertaking. Could the auto assembly line turn out bombers and pursuit ships like four-door sedans and business coupés?

First reactions from Detroit were not encouraging. Tolerances and workmanship required in aircraft engines were far more exacting than those to which Detroit was accustomed. There was a shortage of skilled labor, particularly tool engineers. Plants and equipment were not designed for plane production, and changeovers would require months or years.

• **Participation Assured**—Difficulties notwithstanding, it becomes increasingly apparent that the automobile industry is going to handle a big part of the job of building America's air force (BW—

Nov. 9 '40, p. 16). Details of the plan are far from fixed, but in broad outline the pattern is clear. It is not a pattern which envisions bombers rolling off the Detroit assembly lines, for a bomber remains what it has always been—a semi-custom built job. What the auto industry collectively will attempt to do is to produce parts and major sub-assemblies, to guarantee a maximum degree of interchangeability, and to integrate this job through its Committee for Air Defense for the scores or hundreds of automotive-parts companies that will participate in the program.

These plane units will then be fed into final assembly plants, probably to be built by the government and almost certainly located in the Middle West to save shipping bulky sub-assemblies running up to wing and tail sections. These plants will be operated by aviation men, representing either existing companies or entirely new combinations, who will be responsible for final construction of the plane.

• **Moving Right In**—Seemingly, the exigencies of national defense and all possible aid to Britain have played a dirty trick upon the aviation industry, for while the auto industry was not anxious to get into a new field it is not likely to get out again after the emergency is over. Again, resources of skill and money possessed by the auto industry are such that application of its mass-production technique to plane building may obsolete the methods, equipment, and plants of the younger industry. Finally, the auto industry may be able to tighten its grip on the new plane business because it is accustomed to the interchange of patents, whereas the aviation industry maintains a patent pool and charges royalties. The question of royalties which auto men may have to pay to the aviation industry has not been discussed, either as it affects the present parts production program or as it might affect the auto industry's more complete invasion of the aviation bailiwick after the emergency.

• **Sidestepping Scraps**—The present situation has the makings of a first-class fight between the two industries, but defense officials are determined that it shall be averted. It seemed certain that a long step toward cooperation would be taken this week or next when management officials with their production engineers from both industries sit down with defense authorities and iron their differences out. There are several hopeful harbingers. For example, there is talk that some aviation companies might undertake to erect the necessary final assembly plants in the vicinity of Detroit rather than leave their construction up to the Army. Again, there are reports that the aviation industry may call on auto men to supply parts and sub-assemblies for contracts now held by the plane makers.

It had not been thought that the auto industry would contribute importantly to the construction of 35,800 planes already on order—11,870 combat ships and 2,430 trainers for Britain, 8,225 combat ships and 6,175 trainers for the Army, and 5,325 combat ships and 1,775 trainers for the Navy. The motor manufacturers are being marshaled primarily for the handling of the new \$3,000,000,000 program which Congress is expected to authorize. This program, together with new British orders, might include 4,000 heavy 4-engine bombers, 8,000 medium 2-engine bombers, 8,000 pursuit ships, and 10,000 trainers. Of these, Britain would take 6,000 bombers and 6,000 pursuit ships, according to present estimates.

• **Proportionate Fees**—While details of the program are being mapped out, the Auto Committee for Air Defense continues to make rapid strides toward completing its organization work. Representatives of parts, body, and truck manufacturers have now joined the four auto makers on the committee, increasing the membership to seven. It is believed that financing of the new corporate body and its potentially large staff will be met by charging each car and parts manufacturer who participates in the bomber program a set percentage of the dollar value of contracts received. A fee of 0.3% has been suggested.

The committee has set up a partial exhibit of plane parts in the old Graham-Paige plant, and some 80 companies have sent representatives to look over the components with a view to bidding on parts best suited to their existing facilities.

Jobs for Congress

There are not many now except, perhaps, some more purse-emptying, but a load is piling up for the next session.

Don't look for much out of Congress till January, with the possible exception of more money for the defense machine. Republican leadership would like to keep Congress in session but admits it doesn't have the votes.

The defense program, in both its foreign and domestic aspects, is in the President's own hands and he obviously desires to prepare for the "second wave" in mobilizing public sentiment and the country's resources without any volunteer aid from Capitol Hill. Jumping the gun might hinder rather than help when such irrevocable steps as repeal of the Johnson Act (no loans to war debtors) and the Neutrality Acts may be anticipated in any "orderly" progression of events.

• **What About Planes?**—Consequently, it is probable that Congress will adjourn by Thanksgiving until January if the President figures that he can swing the new U. S.-British plane production program (page 15) without a big spot of cash now. That program would seem to call for appropriation by Congress fairly soon of between \$2,000,000,000 and \$3,000,000,000. Talk is in terms of initiating actual plant operations on the new increment by next spring, and postponing the money grant until next January.



When the President returned to Washington last week, about 200 newsmen flocked to the White House, parked their hats and coats

outside the door, and fired questions on third-term New Deal policies and possible legislation at one of Roosevelt's largest press conferences to date.

would make such a schedule very tight. So it is reckoned as a possibility that Roosevelt will ask Congress to come across with the cash before ending this session. In that case, the chances are that the appropriation will be raised another billion or two to finance more munitions plants plus new Atlantic and possibly Pacific naval bases.

• **Tax Trouble Ahead**—The biggest cloud to be seen on the horizon is another tax bill. The chances are it will be plenty tough this time and may go so far as to include termination of tax-free government bonds. You can look, too, for a pretty stiff fight for enactment now of a steep excess-profits tax schedule to become effective in wartime and you'll hear more of Senator Josh Lee's idea for financing war by a capital levy.

There's little likelihood, on the one hand, that the Wagner Act will be amended or, on the other, for enactment of the La Follette bill outlawing so-called oppressive labor practices by employers. Despite the eclipse of John L. Lewis, there are the makings of a fight over amending the Walsh-Healey Public Contracts Act to blacklist contractors in violation of labor laws. Terrific expansion of the defense procurement program is in the cards and there won't be much haggling over raising the debt limit to somewhere near the \$65,000,000,000 that Secretary Morgenthau piped up with a day or so after election.

• **Two Fights Coming**—For a good bout on which New Dealers and anti-New Dealers can be expected to climb into the ring without gloves we recommend the St. Lawrence power project and predict that national defense will win for the Administration. The Walter-Logan bill to curb the administrative zeal of various government agencies by binding them to fixed rules of procedure still has stout supporters but doesn't look like a winner.

No legislation will be needed to enable labor to cash in on the defense program and farmers will get theirs, whatever the cost—but they, like business, will be chafed by their bonds.

• **Watch Double-Play**—Conceivably, the defense program will be manipulated to serve a double-purpose, as when the President insisted recently that the TVA operate a new ammonium nitrate plant for the Army. But this is a particular project and the danger of greater New Deal power over industry lies in the nature and extent of the general "war-time" controls that may become necessary and in the reluctance of New Dealer No. 1 and all the little New Dealers to relinquish such powers.

About the best that conservative elements can do is to propose methods achieving single-purpose defense objectives that will not harness business to any other cart and will terminate by statutory limitation when a certain day flips up on the calendar.



Impressive evidence of the boom in light planes was furnished by the Republican National Committee recently, when it asked private flyers to

assemble at 36 airports Sunday, Oct. 20, for a nationwide Willkie demonstration. 1,200 light planes turned out. Above, the Riverhead, L. I., airport.

Light-Plane Industry Thrives

Hundreds of dealers now selling small jobs faster than factories can turn them out. Civilian Training Program is a stimulus, and thousands get basic flying instruction.

Echoes of air raids in Europe and our own struggle to rush production of war planes have so far monopolized public attention that developments in another aviation sector have been largely overlooked. Output of light planes ("flivver planes" in the parlance) has zoomed in the last three years. While private capital has furnished the financial fuel for the rise, government aid, particularly in its Civilian Pilot Training Program, has been a powerful stimulus. This program was started a year and a half ago. It is plainly reflected in production figures.

The industry turned out 348 light planes in 1937 and 513 in 1938. But in 1939 production jumped to 3,042; the estimate for this year is 5,000. The sales have brought prosperity to a large group of engine and accessory manufacturers who seldom figure in the news. This is natural, since the flivvers are to the battle planes as humming birds to eagles. Yet these flitting thousands are furnishing fundamental training to pilots who could be drawn upon in a real war emergency.

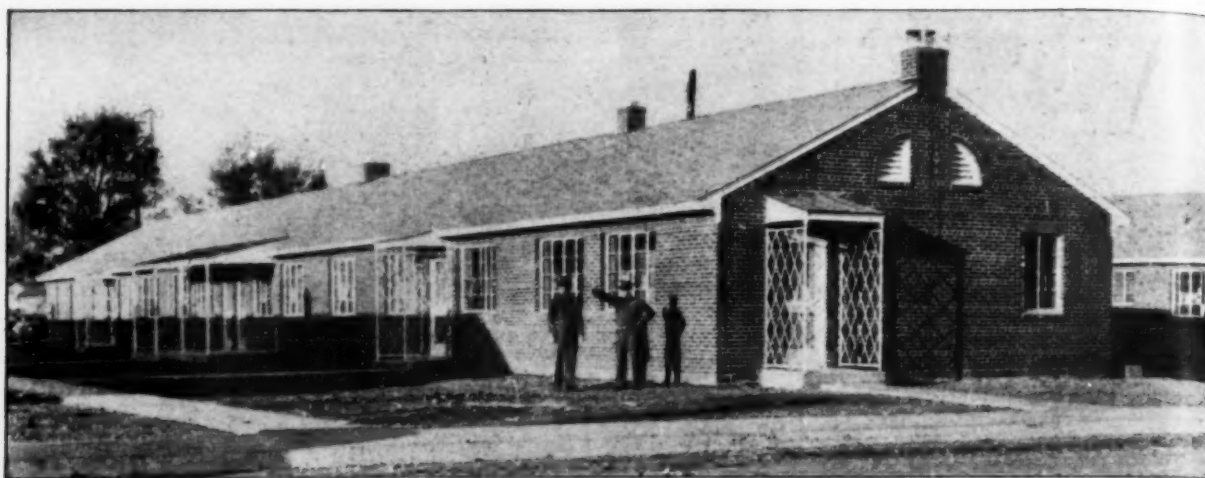
• **Depression Story**—The story of the light plane goes back to the period immediately following the collapse of the 1929 aviation boom with its orgy of production. Distributors had been loaded with impossible quotas and the stock market collapse ruined most of their

prospective purchasers. Airplanes were available at a dime a dozen.

The larger distributors sold out their elaborate plants at a few cents on the dollar to better business men who tightened their belts for a long, hard depression. The surviving 10% of the manufacturers sought lower-priced products to build and, in their frenzy, turned to primary gliders. Some of these were still available a couple of years ago in original crates at about \$35 apiece.

Came the false dawn of 1931—a demand for light planes which turned out to be a flurry. War surplus supplies of the historic 90 hp. Curtiss OX-5 engine had been depleted and the next low-priced engine cost the plane-maker well over \$1,000. This meant a price boost of more than \$500 or a serious cut in sales costs for a product that had to compete with a large stock of stored airplanes. The new crop of light planes included many single-seaters and were useless for sociable pleasure flying or flight training.

• **They Laughed**—About this time two curious-looking vehicles appeared. People laughed at them, but they marked the beginning of the present light-plane industry and, when the minor boom collapsed, their sponsors managed to survive. One was the Aeronca, developed by the Aeronautical Corporation of Amer-



Ready for occupancy just 95 days after the start of construction, the Montgomery, Ala., development is one of the first United States defense hous-

ing projects to be completed. It was built by the local housing authority; intended for the families of enlisted men at Maxwell Field, Army air base.

Average monthly rent in the 424-unit project amounts to \$18.86. Below, one man's family compares its new home with the old.



ica. The other was the Taylor Cub. Neither manufacturer got to first base during the early thirties and both went through reorganization. Their two principal handicaps were the lack of a good low-priced engine and an absence of incentive for responsible distributors and dealers.

First low-priced engine to appear was the Continental Motors' A-40 four-cylinder opposed type, turning out about 40 hp., which permitted the puddle jumpers to stagger off with two people, a small overnight bag, and about five gallons of "gas." This engine cost the plane manufacturer around \$400. It needed quantity production to get the price down but there was no quantity demand. This was followed by similar types developed by Lycoming and by Air Cooled Motors, Inc., the latter a reorganization of the old Franklin Automobile Co. At one time there simply didn't seem to be enough market to support three engine makers but all are thriving today.

• **New Generation**—Oldtimers in the flying business were slow to accept these flivver planes, but a new generation of pilots had grown. They studied the new models without prejudice and saw in them a means of selling flight training at about a third of the original cost of \$30 per hour.

This reduction brought flying within the means of the many young men situated in the lower income brackets. Orders began to flow faster and manufacturers began to take advantage of quantity purchasing of engines, accessories, and materials.

Meanwhile Taylor Aircraft had split up into two companies—Piper Aircraft and Taylorcraft—and shrewd oil producer W. T. Piper had come into the picture with mass-production dreams. Long before his company had more than a couple of hundred orders, "Poppa" Piper, as he is known to his associates, was dickering with engine builders for prices on 1,000 engines, and talking about \$1,000 airplanes. This year he

will build and sell 3,000 planes. Next year he plans to sell 6,000. Aeronca and Taylorcraft are not far behind and a fourth manufacturer, Luscombe Airplane Co. whose design embodies a metal structure, is coming along rapidly. All four makes range in price from \$995 to slightly over \$2,000.

• **Stinson's Model 105**—Two years ago Stinson Aircraft turned from the 5-place field to produce a new 3-place ship in a slightly higher price range—the Model 105, which furnishes the next step for the private pilot. It sells for \$2,995. The light-engine makers have been hard at work giving more power at about the same cost, and at the present time engines are available at 50, 65, and 75 hp., with 100-hp. models just over the horizon.

One of the runners-up in the light-plane field is Interstate Aircraft of Inglewood, Calif., which is primarily engaged in sub-contracting for the big West Coast aircraft manufacturers. Interstate is developing its light plane—the Cadet

"Unforeseen events . . . need not change and shape the course of man's affairs"



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—as a sideline by way of insurance against the recession in defense business that may come several years from now.

The new crop of several hundred light-plane distributors and dealers has prospered with this fast-growing industry. One by one the oldtimers have been converted to their philosophy. Now they are selling more planes than the factories can deliver. Number One light-plane salesman is Alfred B. Bennett, who led the Piper distributors last year with a record of 115 new and 47 used planes sold. This year he hopes to do twice as well. His success is based primarily on his ability to prove that these planes will pay for themselves and furnish a profit besides. He goes so far as to set up a dealer in business for himself and prescribe his sales methods. He is typical of the new class of airplane salesmen. More than half of the current plane sales are on time, and at least three finance companies are operating in this field. Now an acute shortage of hangar space is rapidly developing at the airports.

• **Civilians Who Fly**—The growth of this industry has been accelerated substantially through the Civilian Pilot Training Program instituted by the Civil Aeronautics Authority. Father of the project is Assistant Secretary of Commerce Robert Hinckley. It began as a simple effort to stimulate flight training by government subsidy. It is now assuming growing importance as a device to create pilots quickly. Some will feed into our military training schools. Others may fill the places of the reserve officers who will be called to active duty from commercial aviation work.

Under the C.P.T.P., ground instruction is given in accredited educational institutions and paid for partly by the government. Flight instruction is paid for wholly by the government and given by accredited fixed base operators, most of whom are the light-plane distributors. At the end of the 1940 college year, 10,000 private pilots were turned out by the C.P.T.P. and Congress appropriated additional funds for a quota of 45,000 more, including advanced training and refresher courses for pilots already trained.

• **Controlled Course**—Instruction is given under a standardized "controlled course" which has been highly successful in making more effective use of the training hours and has proved to be many times safer than the old haphazard methods of training.

A small percentage of the new pilots will buy ships for their own use. Others will join the rapidly expanding group who use airplanes in the conduct of some other business. The majority will be the customers of a huge rent-a-plane business, which is now in its early stages. Group or club ownership has not developed as might be expected because most of these planes are used in training and

it has been found more desirable for one individual to hold title and use his ship as the basis for a profit-making school business.

• **Gap That Widens**—As defense needs increase, the gap between the low- and high-price plane and engine industries is widening. So far, the military services have ignored the light plane as a primary adjunct to defense. Future developments in air strategy and tactics may change this attitude, particularly if large numbers of aircraft of any kind are needed in a hurry.

Relieved of the exacting requirements of military aircraft these manufacturers are free to concentrate on improved finish, increased comfort, and mass-production methods. The use of semi-skilled labor in line production has reached a high degree of development. Chief materials of construction are airplane fabric, steel tubing, and high-grade spruce, and with the exception of the latter, there have been no serious shortages so far.

• **An Out for the Future?**—Envious eyes are watching the light-plane industry. Military manufacturers in fear of over-expansion have looked on light-plane building as an out at the end of the present emergency. They will find themselves dealing with an unfamiliar manufacturing technique and with vastly different economics. Automobile builders were studying the light-plane business before they became involved so deeply in the defense program.

Finally, new companies are being formed to reap some of the profits of the light-plane business. They are foredoomed to failure if they neglect to duplicate or improve upon the present merchandising methods so necessary to create the mass demand that makes quantity production possible. Greatest threat is the prospect of new fabrication methods evolving from present developments in plastic-bonded moulded plywood construction, but there is still much research work to be carried on in this field.

Air Link to Mexico

American Airlines gets concession to compete with Pan American, and application is now before the CAB.

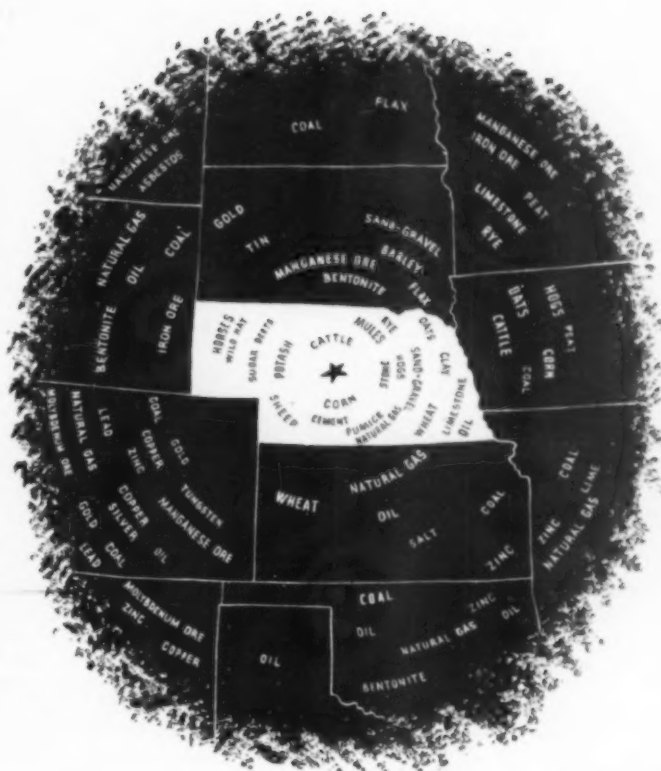
MEXICO CITY—Mexico is eagerly awaiting action by the Civil Aeronautics Board in Washington on an application for a new air-line service which is expected to aid the hemisphere-defense program and speed up business between this country and the United States.

For several months American Airlines has been quietly carrying on negotiations in Mexico for a concession to ex-

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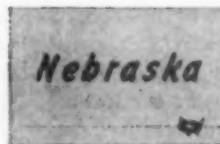


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AIR PORT OF ENTRY

American Export Airlines, subsidiary of the American Export Lines which runs ships between New York and Lisbon with a stop at Bermuda, started survey flights between New Orleans and Panama this week, using the big Consolidated flying boat which had surveyed their projected transatlantic flying service. AEA recently bought TACA, a privately-owned passenger, express, and freight service which serves all six countries in Central America. Plan now is to connect this going system with the United States by an over-water flight to New Orleans (broken lines on map) where passengers and freight could be transferred to Chicago & Southern Airlines planes. Permission by the Civil Aeronautics Board must be granted before American Export Airlines can inaugurate regular service.

tend its United States routes south to the Mexican capital. On Oct. 25, the Mexican government suddenly granted the permit and American last week made its formal application to the CAB for the right to fly from Eagle Pass or Laredo, Texas, through Monterrey to Mexico City. If it is granted, it will end the practical monopoly that Pan American Airways—among the big American transport services—has held on connecting routes between Mexico and the United States. Still pending before CAB is the application of American Export Airlines for permission to acquire the TACA airlines in Central America (BW—Oct. 12'40, p62). This week American Export started test flights to connect with the United States by over-the-gulf service to New Orleans.

• **Travel Boost**—Mexicans with an eye on the tourist business have insisted that there has been room for another airline in Mexico for some time. American's appearance, defense experts insist, checks the possibility that some aggressive European line will step in and cop the contract. The fact that the concession was granted in such a short time and at no cost is a source of amazement to many in Mexico and an indication that the concession is definitely a part of defense schemes now under consideration between Washington and Mexico City authorities. The deal, if it goes through, calls for new air fields with complete equipment for night flying, and military and official planes of the Mexican government will be offered free use of the fields at all times.

In addition to the purely military aspect, Mexican travel authorities believe that American Airline's appearance is gilt-edged assurance of a boom in tourist and commercial travel between the two countries. Mexicans watched with considerable envy the success of the publicity campaign which American managed two years ago featuring the Arizona Sun Country and its accessibility to the line's travelers. With a record of flying more passenger miles than any other air line in the United States, and with services extending to Los Angeles in the west and to Washington, New York, and Boston in the populous east, American is expected by Mexicans to bring a flood of tourists to supplement the influx which came with the opening of the automobile highway from Laredo four years ago.

• **Mexican Personnel**—At present Enrique Carlos Aguirre, of Aguirre's Guest Tours, holds the Mexican agency for American Airlines, but he will lose it to a branch company which will be organized and supervised by Mexican personnel if CAB grants American permission to compete with Pan American in Mexico. The enterprise will be financed entirely by American, the initial investment to be approximately \$500,000. New fields, shops, and hangars will be

built at either Eagle Pass or Laredo, and at Monterrey, and intervening emergency landing fields and radio beam equipment for night flying will have to be installed. Initial equipment on the projected route will provide only passenger, express, and mail transportation. Freight service will be offered later when special new planes are available.

Mexico is served by a number of local air services and by the far-flung Pan American system which connects Mexico with Los Angeles on the west coast, and with Brownsville and Miami on the east. Pan American also continues across the Caribbean to Cuba and the West Indies, and down the hump of Central America across Panama and down both coasts of South America.

Airline Is Sold

W. A. Coulter purchases Western Air Express control from Denver interests. Name is now Western Air Lines.

Control of Western Air Lines, formerly Western Air Express, passed from the Denver banking firm of Boettcher & Co. and the James Q. Newton interests to W. A. Coulter of Philadelphia on Oct. 29 when Coulter purchased 23,000 shares of stock. Coulter has been president of the airline since earlier this year.

Reason for the stock transfer was given as the failure of the proposed United Air Lines-Western Air Express merger, which the Civil Aeronautics Authority (now the Civil Aeronautics Board) denied in June, after its examiner, Roscoe Pound, had recommended an approval (BW—Jun. 29'40, p17). If the merger had gone through, Boettcher and Newton had planned to make Denver an important airline center and equipment headquarters for the entire system.

• **The Man at the Helm**—W. A. Coulter became president of Western Air Express after former president Alvin Adams strenuously opposed the merger with United. New to aviation, Coulter has thoroughly enjoyed running an airline. With his new purchase, he becomes the largest stockholder as well as president. The name of the system was changed to Western Air Lines last month.

Although CAA denied the merger, it approved an exchange of sleeper plane equipment, which was an advantage to both airlines, as passengers now do not need to change planes at Salt Lake City. On certain schedules United crews take over WAL planes at Salt Lake City and fly them east, while Western crews take certain of United's sleepers from Salt Lake to Los Angeles.

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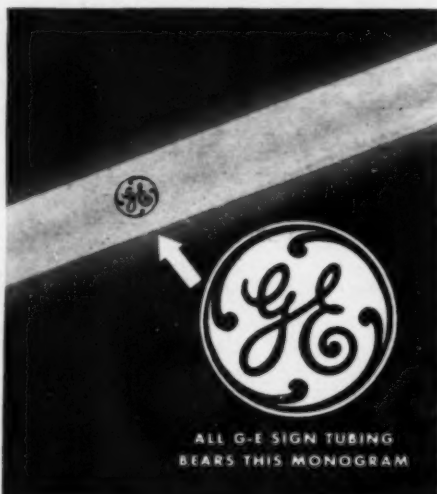
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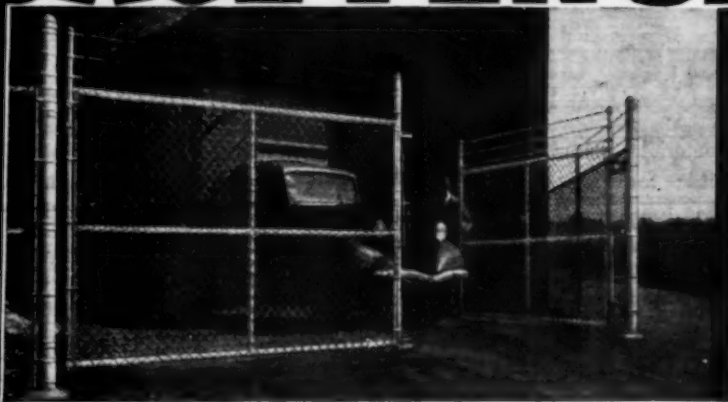
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"P-12" galvanizing prevents destructive attacks by atmospheric conditions. Throughout a long lifetime, Page Fence keeps its "healthy complexion"—gives management peace of mind. Write to PAGE FENCE ASSOCIATION, Bridgeport, Conn., Atlanta, Chicago, New York, Pittsburgh or San Francisco for copy of "Fence Facts" and name of nearby distributor.

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Tax Raids Checked

Colorado snows under all amendments, including tax on intangibles which had been opposed by business men.

Colorado business men put up a last-stand fight just before the election in a desperate effort to curb group-pressure allocation of state funds—and they won. The proposed constitutional amendment which would have slapped special taxes of five to ten mills per dollar on all intangible property (and would have limited use of the resulting revenue to relief, old-age pensions, general welfare, or property-tax replacement) went down to a decisive defeat. Latest count on the amendment: Yes, 35,000; no, 209,000.

The campaign over this measure vied with the presidential contest for feeling and fury in the final days. Virtually every business and professional organization in the state, and many farm and labor bodies, passed anti-amendment resolutions.

The amendment was written and backed by O. Otto Moore, loud idol of Colorado old-age pensioners. It was the worst licking for Moore and his National Annuity League since the League's inception in 1935. In fact, Moore experienced a double defeat. Running on the Democratic ticket for district attorney in Denver, he lost to James T. Burke, Republican.

• **Other Amendments**—It was not amendment day in Colorado. Tired of complex proposals presented under simple titles, the voters knocked down five initiated measures—all that there were on the ballot. These included a proposal to lock up fish and game funds forever for conservation only, a proposed allocation of state income-tax revenues for schools only, and an initiated bill to permit race-track betting.

Besides beating measures that would have increased taxes and the complexity of government, the people also rejected an amendment that would have cut old-age pensions from \$45 to \$30 and simplified the state fiscal setup resulting from the present pension scheme. The "beat 'em all" psychology generated by the campaign of business men and the newspapers was so effective that the public was in no mood to discriminate.

• **Cigarette Tax Safe**—With these developments has come a ruling by the Colorado Supreme Court that the Denver tax on cigarettes—1¢ a pack—may be entirely used by the city. The city does not have to pay 85% of the tax to the state old-age pension fund, as the state had contended.

The court's decision opens the way for all Colorado cities to raise needed funds by local taxes, if they are framed

like the Denver tax as occupational and not excise taxes. It also checks the state old-age pension fund's invasion of local tax fields. That fund already gets 85% of all local liquor-license fees and taxes collected by cities and counties—a precedent which gave rise to the state's claims against the Denver cigarette tax.

The distinction: The liquor taxes and license fees are set by state law, and cities and counties only collect them; the Denver cigarette tax was enacted by the local council for local purposes.

Mass Insurance

Association becomes unit for wider extension of group coverage than is achieved in conventional company plan.

A new wrinkle in group insurance came to light last week when Central Motor Freight Association of Chicago (200 operator members, with 8,000 employees) announced a deal with Continental Casualty Co. The insurance company agrees to write at group rates, below individual rates for comparable coverage, hospital expense, surgical operation, and accident and sickness policies on any members or their employees.

Actually, the employee makes his own decision about buying. If he decides in favor of insurance, he gets his own policy and tells the boss to take the premium out of his pay. For the insurance company, these 8,000 prospects are roped off as a unit to which its group-policy specialists are given working-hour access to solicit at cheap rates. • **For Small Employers**—For the truck operator who has too few employees to qualify for a company group rate under conventional regulations, the C.M.F.A. deal opens the gate to group insurance. For the larger operator, it offers a way to let the employees buy group insurance without negotiating a separate company contract. For the association, it adds one more stinger to the repertoire of dues-collecting methods, since the trucker who fails to pay his C.M.F.A. dues promptly gets his employees' policies canceled. In this respect it works just like the group bail bond set-up that the same organization arranged three months ago (BW—Aug. 24'40, p30).

Actually, this is not the first such group policy written on a loosely-knit group of individuals. Continental Casualty has within the past six months signed up Cartage Exchange of Chicago (4,000), Chicago Retail Hardware Association (2,500), Service Drug Stores, voluntary chain (1,800), and American Institute of Decorators (3,000). Right now the company is dickering with another association that has more than 50,000 eligibles on its members' payrolls.

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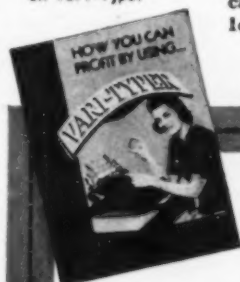
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Announcing the new liner "AWATEA" to Australia New Zealand

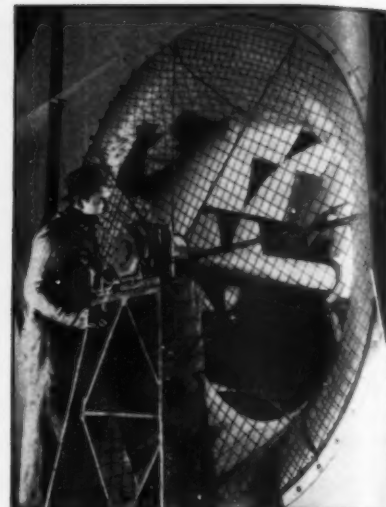
The fast new turbine-drive *Awatea* joins the distinguished *Aorangi* in a regular monthly service from Vancouver to Hawaii, Fiji, New Zealand, Australia. Connections at Honolulu from California ports. Your agent or Canadian Pacific. 41 offices in the U.S. and Canada.

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QUEENS MIDTOWN TUNNEL

This week New York City opened its Queens Midtown Tunnel, under construction since 1936. Financed by a PWA grant and loan, it cost over \$50,000,000. Tolls (which run from 25¢ for passenger cars to \$1 for big trucks) are expected to make the project self-liquidating and self-maintaining. About 10,500,000 vehicles are counted on to use the tunnel in 1941—16,000,000 in 1942. It connects Manhattan with Queens, Brooklyn,



Nassau and Long Island. From the Long Island entrance to the tunnel (left, above), you see one of its two ventilating buildings, and across the East River, the Empire State Building in mid-Manhattan. Ventilation, one of the big problems of the construction job, is handled by 46 Sturtevant fans—the man above inspects one of the 23 big blower fans—capable of handling 21,000 tons of air an hour; enough, someone has figured, to supply the breathing requirements of 33,500,000 people.

Saving the Fish

Great Lakes campaign is now under way to rehabilitate industry impoverished by lack of uniform regulatory laws.

Best yardsticks of the money made from Great Lakes fisheries are the imposing houses overlooking the harbors of such towns at Vermilion, Ohio, Sandusky, Ohio, Northport, Mich., Marquette, Mich., and Green Bay, Wis. They were built 40, 50, and 60 years ago from the proceeds of catching whitefish and trout off these shores.

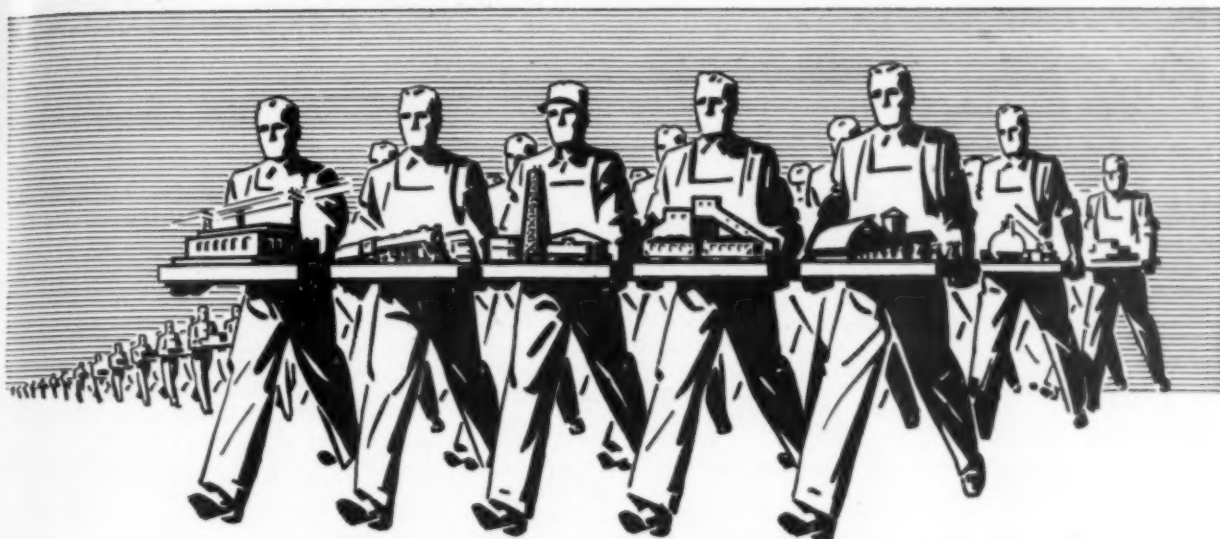
Few are the mansions built with fishing money in recent years, for the catches are no longer what they used to be, and the fisherman is lucky who winters through without going into debt before the spring thaw. In the happier days, Lakes Superior, Michigan, Huron, and Erie yielded practically all of the fresh fish sold between the Alleghanies and the Rockies. Today, even such a staunch old-time fishing port as Chicago gets barely half of its Friday ration from fresh water, and much of this must be

shipped a thousand miles from Canada's inland lakes—Winnipeg to Athabasca.

• **Story of Depletion**—Great Lakes fisheries are depleted because neighboring states and provinces never got together on regulating seasons and catches. Each state's fishermen resent different season dates or mesh sizes stipulated by other states, and all U. S. fishermen snort that Canadian regulation means nothing.

Probably nothing would have been done had not enterprising Michigan fishermen introduced about three years ago the sub bull net, a peculiarly deadly weapon. Freshwater aristocrat is whitefish, which hides out all summer in holes too deep for old-type nets. The murderous sub bull net took 400,000 lb. of whitefish from the deep holes of Lake Huron that summer, and Huron's run of whites has never recovered. Michigan promptly legislated the new net to shallower waters, but the damage will not be undone for years.

• **Hearings Begin**—In the past fortnight, the International Board of Inquiry for the Great Lakes Fisheries has sat at the Soo and Marquette, Mich., at Fort William, Ont., and at Milwaukee. Chairman is Dr. John Van Osten of Ann Arbor, members are two Canadians and two Americans. Through 1941 they will con-



THE MINUTE YOU LOCATE IN ILLINOIS These Profit Producers Go to Work for You

LIKE an army of unseen workmen, the outstanding industrial advantages of Illinois work day and night, year in and year out, to add to the prosperity of manufacturers who are located in Illinois. It is this exceptional combination of production, distribution, and marketing advantages which make Illinois the logical location for new plants and branch plants in so many industries. Check these advantages which you will gain by locating in Illinois:

FINE LABOR SUPPLY—Intelligent, skilled, and cooperative labor serves Illinois industry. **RAW MATERIALS**—Agricultural, mineral, and other vital materials for industry are available. **MARKETS**—Direct connections with National markets and overnight shipping service to the entire Middle West market. **TRANSPORTATION**—Direct rail, highway, water, and air transportation to every part of the Nation and to Central and South America. **FUEL**—Illinois is the third producing State in both oil and bituminous coal. **WATER**—Abundant water, supplied by eight great drainage basins. **POWER**—Facilities ample for today's needs and geared to tomorrow's requirements. **EQUIPMENT**—The second largest metal-working State, assuring adequate supplies of machines, parts, and tools. **PLANT SITES**—Ample room for new plants and expansion in every section of the State. **TAXES**—Illinois has NO State Income Tax, NO State Real Estate Tax, NO State Machinery Tax.

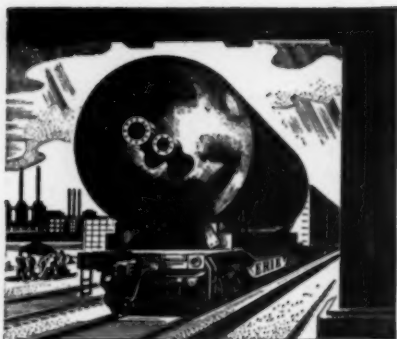
Special Confidential Report to Executives

Write the Illinois Development Council, at Springfield, for full data on the Industrial Advantages of Illinois. Please describe the nature of your business and list any special or unusual requirements in labor, raw materials, plant facilities, or any other production or distribution factor, in order that a truly practical and informative report may be submitted for your consideration. Your inquiry will, of course, be kept confidential. Write—

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We're Broad at the Beam —AND PROUD OF IT!

• At one time the Erie was a broad-gauge railroad. When it was changed to standard gauge, the extra-high, extra-wide clearances were maintained. Today, the Erie has the highest, widest clearances in the East, can handle unusual loads that would seem too big for rails.

But here's what's more important. We can deliver *all* your shipments—large or small—quickly, safely. And we know we can save you money in the bargain! Call the Erie Agent—check with him the many special facilities and services which have made Erie "First in Freight." Then ship Erie and get their benefit.

TRY ERIE PASSENGER SERVICE FOR REAL TRAVEL COMFORT

On your next trip between Chicago and New York, buy an Erie ticket. Enjoy a smooth, restful ride over the most carefully tended tracks. Modern air-conditioned equipment.



tinue "to obtain information and opinions of commercial fishermen, sportsmen, and others with reference to the taking of fish in the Great Lakes, and related problems." Their particular subjects: depletion and its causes; desirable provisions for uniform regulation and control of the fisheries.

Everybody with a stake in Great Lakes fishing, from huge Booth Fisheries Co. to deckhand Joe Doakes of the Alma Swenson out of Waukegan, Ill., is solidly behind almost anything that will get the sorry mess straightened out. To their minds, the International Board is taking the first constructive step after half a century has been wasted in name-calling.

The boys who catch, handle, and sell the fish are betting that Chairman Van Osten and his fellow fish experts will presently garner bales and bales of irrefutable evidence for uniform regulation. They are betting, further, that within two years anyone who gets hog-gish with his nets in the Great Lakes will see the interior of the nearest jail-house, be it north or south of the international freshwater border.

Annexation Fight

Louisville effort to absorb little Shively's big distilleries is now balked, but will continue. National wants to be in city.

When voters of Louisville, Ky., went to the polls last week, one issue that they had been scheduled to vote on didn't appear on the ballot. That question was whether or not Louisville should absorb Shively, Ky., and the taxes of distillery properties worth about \$20,000,000 inside the town limits. The annexation issue was withdrawn just before the ballots were readied for the polls.

Louisville's mayor, Joseph D. Scholtz, put his explanation of the retreat on a high plane. He said that big Louisville had relented on the shot-gun merger with little Shively because such an action would deprive the county school of much-needed revenue. This excuse brought chuckles from knowing colonels



TAX COLLECTORS

Picture-taking cigarette investigators from the Massachusetts Department of Corporations and Taxation are waging a profitable war on smugglers running tax-free tobacco into the state from Maine. This lens blockade has paid off so well in taxes that Massachusetts may make use of cameras in Salem, N. H., in order to catch liquor offenders returning from the horse races.

Maine has no cigarette tax. Therefore, when a Massachusetts car pulls up at a roadside stand at the Kittery, Me.-Portsmouth, N. H., state line, a Massachusetts tax investigator notes

the number of cigarettes that are bought (for \$1.29 a carton, as against \$1.49 in Massachusetts), then makes a photograph showing the license plate of the car.

Licenses are checked at the motor registry, and letters sent the offenders, reminding them that, unless they are licensed as distributors, they must pay for importing cigarettes. If offenders stall, they get a picture of themselves at the cigarette stand. In 99 cases out of 100, a check comes back by return mail. More than \$10,000 has been recovered by this system, at a cost of less than \$400—and agents only work holidays and week-ends. The Tax Department has over 800 negatives on file.



HUNDREDS of nationally known manufacturers have selected South Bend Lathes when streamlining their shop equipment to meet present day needs. Ease of operation, speed, power, accuracy and efficiency are some of the features responsible for their selection. Substantial savings in capital investment, power consumption, floor space and labor costs have resulted from their installation.



14½" Swing x 6' Underneath Motor Driven South Bend Lathe

The South Bend Underneath Belt Motor Drive provides an unusually wide range of spindle speeds. The direct belt drive to the spindle assures smooth operation, free from vibration, even at high speed, and permits finished turning with such precision that subsequent grinding, honing and lapping operations can often be eliminated. When slow speeds are required for machining large diameters, a wrenchless bull gear lock permits engaging the back-gears quickly. This fully enclosed drive is silent in operation, trim in appearance, powerful and economical.



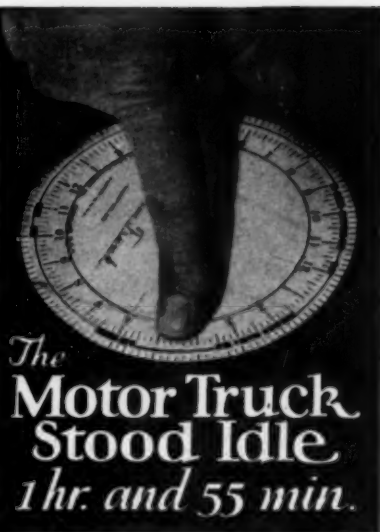
Phantom view of direct drive



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The Motor Truck Stood Idle 1 hr. and 55 min.

And You Can Put Your Finger Right On It!

What does it cost when your motor truck stands idle somewhere for an hour and 55 minutes? It costs pretty close to \$8.00! That's plenty, we'd say.

One thing is certain, you never realize it until you SEE it. And when you see it in chart form (like the *Servis Recorder* chart above) then, we repeat, you can put your finger right on those delays; and then you'll know what to do, all right!

A Truck Can Easily Waste \$500 a Year!

Why allow it, when the *Servis Recorder* can prevent these costly delays? All you need is a screwdriver—why, you could nail this *Servis Recorder* on your truck, and it will automatically give you every day this "picture" of the work your truck did during the past 24 hours—the heavy marks on the chart registering the truck at work and the spaces in between showing when it was idle.



**THE
SERVIS
RECORDER**
"Keeps Trucks Busy"

And besides getting a real day's work out of each truck, you correct such abuses as Speeding, Overtime, Night Work, etc. Send for the whole story. The coupon brings it.

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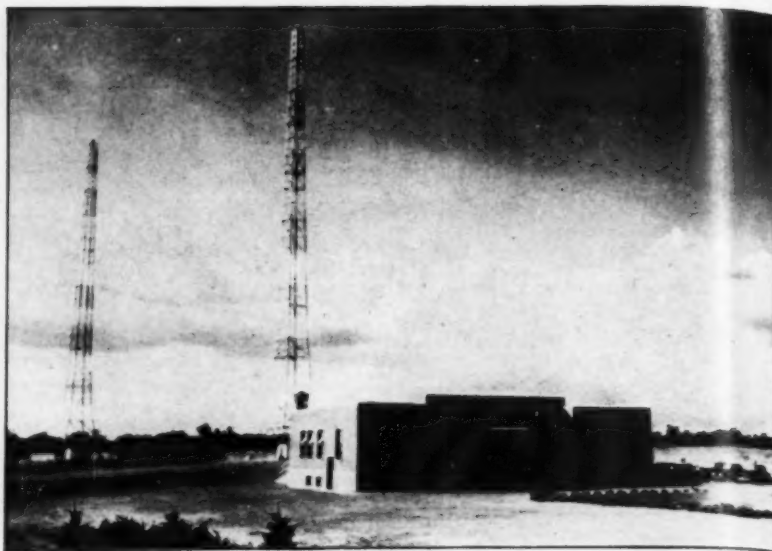
Please send us, without obligation "10 Ways of Getting More Work out of Motor Trucks."

Company _____

Attention of _____

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NEW RADIO HEADQUARTERS

Radio station WEAf, key station of NBC's Red Network, began operating from a new transmitter site last week (above), at Port Washington, N. Y.—

only 15 miles from the center of Manhattan. As a result the WEAf signal is now twice as strong in Brooklyn, four times as strong in Queens, and ten times as strong in Manhattan and northern New Jersey.

in the Pendennis Club, guffaws from wise guys in the distilleries. That's not the way they heard it. The report they accept is that Louisville was forced to crawlfish because the hastily drawn gerrymander ordinance, by which the city hoped to annex Shively, specified boundary lines that would have left a remnant of Shively as an island practically surrounded by Louisville.

• **Hidden Plays**—The contest has been full of razzledazzle and hidden plays. It all began back in 1938 (BW—Jan. 14 '39, p15). The plants were built outside the Louisville limits to escape city taxation. To clinch it, liquor interests eased through the legislature a law which prevents a first-class city from annexing a neighboring township without a majority vote of the township's citizens. Thereafter the town of Shively was incorporated to include the properties. But distillers' smiles faded when Louisville threatened to cut them off from sewer and other services while the local politicians controlling the Shively government demanded that the companies put out heavily for civic expenditures.

Louisville authorities took the offensive by passing the ordinance providing for an annexation vote. It delineated, as the area to be taken in, districts in which there were no Shively voters.

• **Diersings Can Go Home**—Since the showdown is postponed, Clarence Diersing and Mrs. D. can go back home. Clarence is a guard for the National Distillers plant in Shively. After Louisville had passed the annexation ordinance to eliminate Shively voters, the

Diersings moved into a house on the National Distillers lot and registered there. Thus they became the two voters on whom the projected election rested.

Louisville authorities viewed this migration of the Diersings complacently. Since Diersing was a National Distillers employee it was assumed that he would vote according to this company's wishes. National was said to be the only distiller involved who wanted to be annexed to Louisville. Those listed as opposed were Seagram, Frankfort, Dant & Dant, Glencoe, Old Kentucky, Stitzel-Weller, Taylor & Williams. Brown-Forman was reported as on the fence.

There were several reasons why National preferred its plant inside the Louisville limits. It had other plants already there and the inclusion of the Shively plant would have equalized costs. Moreover National wanted the unrestricted use of city sewers, fire and police service more than it wanted the savings afforded by Shively taxes.

• **Sewers Now Rented**—The distilleries are now using city sewers under a special rental arrangement but technically they are without Louisville police and fire protection. Shively has the usual small-town constabulary and the usual small-town fire equipment. There is disturbing talk of a hike in fire insurance rates because of the present stand-off.

In announcing the proposal's withdrawal, Mayor Scholtz said city sewer service might have to be abandoned and threw doubts on the availability of his fire equipment. This is taken to mean that the issue is not yet settled.

Miracle-American Style



MULTIPLY this picture by 25 million, and you have a miracle such as the world has never seen before—a miracle which is unmatched anywhere in the world today outside America.

It is the miracle of 25 million people owning and enjoying a mechanism as complex and competent as an automobile.

In a single year—this year, for instance—the industrial genius of America turns out some three million new cars—more than the total owned in any other country on the face of the globe.

Many things make this miracle possible—including the American railroads.

For mass production depends on mass transportation.

And what that means is this:

The materials needed for building automobiles come from every state in the union. Cotton must travel an average of 1,300 miles, copper 1,500 miles, wool 1,700 miles, lead 1,100 miles—iron and steel travel from mines to mills to factories where frames, bodies and other parts are made before arriving at the point where the cars are finally built.

Or to take it another way—for every working day, American automobile factories need 25,000 tons of iron and steel—450,000 square feet of plate glass—more than 900,000 pounds of copper. And for every car manufactured, it takes more than 2 tons of coal.

There are more than 17,000 parts in a single automobile—many of them made in widely scattered cities. One industrial writer has estimated that the materials in an automobile travel

by rail an average of six times before the car finally rolls from the assembly line.

So the automobile industry has come to depend on the clocklike regularity of the railroads. Many plants handle parts straight from freight car to assembly line with no stored supply or “float” of motors, frames, wheels, transmissions or other parts on hand. This helps reduce the cost of your car.

Perhaps you have never paused to consider such facts as these—any more than you have realized that the food you eat, the clothes you wear, most of the things you use every day were brought together from every part of the nation by rail.

As a matter of fact, that's the finest tribute anyone could pay to railroad service. It works so dependably and smoothly, you almost forget it's there.

"SEE AMERICA" FOR \$90

Start from your home town now on a Grand Circle Tour of the United States—east coast, west coast, border to border—go by one route, return by another—liberal stop-overs—for \$90 railroad fare in coaches—\$135 in Pullmans (plus \$45 for one or two passengers in a lower berth).

NOW—TRAVEL ON CREDIT

You can take your car along too
See your local ticket agent





Speed production in your plant with modern GAS equipment

Under the pressure of today's demand for a faster tempo in industrial production, new bottlenecks often emerge—bottlenecks that restrict production flow, make delivery dates a nightmare and limit sales and profit possibilities.

If the bottleneck in your plant is in your industrial heating equipment, it may well be that Gas and the latest type Gas equipment can solve your problem.

For Gas is today's fastest fuel. It cuts heating-up time and reduces firing time cycles. It is above all else flexible and adaptable to any production need. Accurately controllable as to both temperature and furnace atmosphere, it lends itself

readily to high speed precision manufacture. It saves storage space, labor and handling costs, and in countless installations is proving itself today's most versatile fuel.

No matter what your industrial heating problem may be, it will pay you to investigate Gas and modern Gas equipment. Your Gas Company will be glad to show you how Gas can step up your own production and, if you wish, give you facts on how other companies in your line have used Gas equipment to solve specific problems in manufacturing.

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Cheese Output Up

It's not the war, but a steady increase in per capita consumption that accounts for domestic industry's gains.

American gourmets may be hunched miserably over their after-dinner coffees, yearning inconstantly for just one sliver of real French Roquefort (BW—Nov. 9 '40, p. 60), but the cutting-off of European supplies of the more exotic cheeses has been amply offset by a healthy spurt in over-all domestic production. Total U. S. output for the first nine months of this year totaled 597,900,000 lb.—a gain of 9% over the same period in 1939, and of 2.2% over 1938, the record year.

American makers claim they can now reproduce satisfactorily—if not perfectly—all but one foreign variety. That one variety is genuine Roquefort, which is made in France from ewe's milk. Cow's milk has to be substituted in this country.

• **Not All Due to the War**—Actually, only a small part of the current upswing in domestic cheese production may be credited to the efforts of American makers to pinch-hit for foreign varieties. The rest can be chalked up to a demand for all dairy products, and cheese particularly, which has increased steadily for the past 40 years.

Per capita cheese consumption, which averaged 4.04 lb. annually for the 1900-1904 period, had jumped to a high of 5.83 lb. in 1938.

• **Native Stocks Increase**—Best proof that the currently increased production isn't attributable to wartime substitutions is the fact that stocks of American Cheddar (the familiar "store" cheese which accounts for about 75% of total U. S. production) are up 20,000,000 lb. over last year, while stocks of all other varieties have jumped by only around 2,000,000 lb.

Even in the biggest years, imports have accounted for less than 10% of domestic cheese consumption. Right now, imports from Europe have dropped almost to the zero point (although those from the rest of the world, particularly the Argentine, have increased) and the most choice varieties can't be had at retail for love or money. Total cheese imports were off 60% for the first eight months of the year. But stocks of European cheeses in this country aren't as low as the import situation indicates. There are, for example, fairly heavy stocks of Roquefort, but they are being held by manufacturers for blending with spreads and processed cheese.

• **A Sizable Industry**—Large-scale cheese-making in this country got its start in

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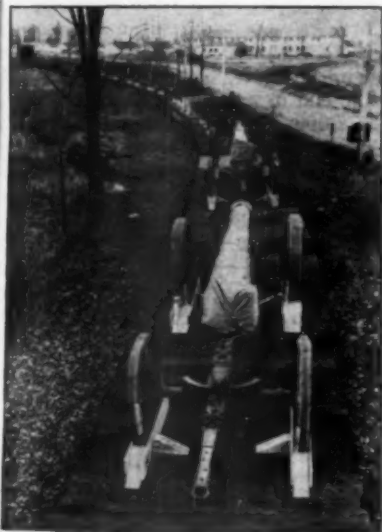
upstate New York in the 1850s and moved westward to Ohio, Illinois, and Wisconsin. Today it is a sizable industry in about 14 states. Biggest producing state is Wisconsin, which still accounts for a fraction over 50% of the total. Estimates are that two companies—National Dairy Products Corp. (Kraft) and the Borden Co.—handle upwards of 80%. Chances are that Kraft handles from four to five times as much as Borden.

• **Processed Cheese**—It was J. L. Kraft who originated, just before the last war, the processed cheese which now accounts for an estimated 35% of U. S. production. Basically, processed cheese is green, unripened cheese with enough of the ripe, aged product blended in to give it flavor. It cuts storage and curing costs for the producer, and housewives have taken to it because it can be more conveniently packaged and is easier to cook with.

Creamed cheese spreads—introduced about 10 years ago—still account for only around 1% of total domestic output.

COTTON STAMPS SLOWER

Now in vogue in 11 cities, the cotton-stamp plan doesn't seem to be as popular as the food-stamp plan, but it's still too early to judge. Under the arrangement by which the government matches, up to certain limits, the money spent by relief families for cotton products, sales are centering on items of \$1 or less, with men's and boys' wear and household articles heading the list.



Increasing defense demands are bringing World War armaments out of storage. These cannons, reconditioned at the Erie Ordnance Depot, are mounted on flat cars at Port Clinton, Ohio, awaiting shipment to United States defense points.



World's Record Maker

Miss Margaret Hamma typed 116 words per minute on the Electromatic to win the 20-minute novice typing event.



World's Record Maker

Miss Stella Pajunas typed 106 words per minute on her Electromatic to win the half-hour secretarial dictating machine event.

ELECTROMATIC

the all-electric writing machine

CAN MAKE NEW RECORDS FOR YOUR OFFICE TOO!

In a speed and accuracy contest recently conducted in Chicago, in which all types of machines were eligible, operators of Electromatic all-electric writing machines established a total of seven new world's records.

The girls shown above were two of the contestants who established new records in the secretarial field. It has been definitely proved that the feather-light touch of the International All-Electric Writing Machine increases typing speed as much as 50 per cent. This machine means more work and better work accomplished in less time ... less fatigue, greater accuracy and economy. Full information on request.

INTERNATIONAL BUSINESS MACHINES CORPORATION

World Headquarters Building
300 MADISON AVENUE, NEW YORK, N. Y.



Branch Offices
IN PRINCIPAL CITIES OF THE WORLD

LABOR & MANAGEMENT

The "New" Bridges

He confounds Coast by ending long waterfront fight in burst of conciliation, but reasons aren't hard to find.

In San Francisco one rainy afternoon last week, plump and bespectacled Frank Foisie, president of the Waterfront Employers Association, lifted his telephone to find Harry Bridges on the wire. The ensuing conversation was the biggest shock Frank Foisie has had since Bridges stormed into the West Coast waterfront picture in 1934. In a quiet, brisk voice, without a trace of the "edge" he uses in talking with employer spokesmen, the young longshore leader suggested that negotiations be resumed on a new coastwide contract for his International Longshoremen's and Warehousemen's Union—negotiations which have stalled along for 14 months with no results except increasing bitterness between employers and the union.

Bridges said he wanted to complete the agreement as soon as possible. He was sure employers would find him and his associates in a cooperative mood, that there would be no hitches this time as far as they were concerned.

• **Amazing, But True**—At the informal preliminary conference that followed, Foisie and his negotiators found a new Harry Bridges. Outlines of a new contract were sketched quickly with Bridges readily agreeing to eliminate job action and slowdown tactics which have plagued Pacific waterfronts for six years, and offering guarantees that the new contract would be observed to the letter by his men. After the meeting, Foisie and his associates described Bridges' attitude as "incredible."

Late Friday night, after several more conferences, Bridges and Foisie emerged to describe the proposed new agreement to newspapermen, explaining that both principals would recommend its acceptance to their respective organizations.

• **Biggest Event Since '34**—Amazed waterfront veterans describe implications of the contract as "the most important event in Pacific Coast waterfront labor relations since San Francisco general strike of 1934." The agreement, which runs to Sept. 30, 1942, provides for:

(1) Wage increase of five cents an hour straight time and 10 cents for overtime effective Feb. 1, but only if present slowdown tactics are eliminated by that date;

(2) Semiannual wage reviews;

(3) Introduction of labor-saving devices, including lift boards, but longshoremen are free to ask for a wage review whenever they feel these methods are injuring their earnings;

(4) Creation of a coastwide labor relations committee to act as Court of Appeals from decisions of present port committees;

(5) The appointment of "arbitrator's agents" in each port who would serve as trouble shooters and immediately proceed to any ship or dock where a dispute arises to decide under what conditions men must return to work, pending ruling by the coastwide committee.

• **What's behind It**—Bridges announced Sunday that the I.L.W.U. referendum among its 12,000 members could be completed about Dec. 15. Some observers believed he might have difficulty in "selling" the contract to his men. His prestige, already on the wane during the last few months (BW—Oct. 12 '40, p. 47) got a terrific wallop from his pre-election attack on President Roosevelt. Best opinion is, however, that he will be able to swing his men into line. They have no alternative.

The reason for Bridges' sudden change of heart is, of course, his precarious position on the end of the limb with John Lewis, who, incidentally, had a lot to do with Bridges' hurried drive last week for completion of the new contract. Last Saturday Lewis congratulated the Australian on the "splendid constructive leadership" which he demonstrated in negotiating the agreement.

• **Straws in the Wind**—Briefly, Bridges' current position is about as follows:

(1) His bitter attack on the New Deal was away out of line with the overwhelmingly pro-Roosevelt sentiment among his men, and it was regarded by them as "base ingratitude;"

(2) The Seattle Local of I.L.W.U. has formally demanded Bridges' resignation as head of the union;

(3) All maritime unions on the Coast except the I.L.W.U. had completed contracts with waterfront employers calling for wage increases up to 10%, while longshoremen have won no increases since 1936 (their only actual pay gains have come from the slow-down);

(4) Bridges is under investigation as an alien by F.B.I. Three agents have been working on the case in San Francisco during the last three months. If grounds for deportation have been unearthed, the Administration—in view of Bridges' recent political didoes—may not be as solicitous in his behalf as it has been in the past.

• **NLRB to Be a Factor**—The Australian's immediate future naturally de-

pends on shifts in the C.I.O. high command, especially on whether his partner-on-the-limb, John Lewis, actually returns as president, and on whatever shifts may occur as a result. Also bearing strongly on Bridges' position is the expected reorganization of NLRB.

West Coast observers believe that the new setup now looming will have a tendency to break down the coastwide bargaining arrangement by which Bridges' I.L.W.U. represents all longshoremen in the area. They foresee the board leaning toward A.F.L. philosophy and, as a result, the possibility of separate bargaining units for individual coast ports or districts.

Tacoma longshoremen already have petitioned the Board in an attempt to get out from under the C.I.O. coastwide bargaining arrangement.

Workers Wanted

Canada, confronted with acute labor shortage, appoints a commission to meet problem. May use industrial "draft".

OTTAWA—To meet a labor crisis which is rapidly developing in Canada, a new government commission—armed with mandatory powers to enforce its decisions—has been appointed and is expected soon to hand down rulings which may help to alleviate the threatening situation.

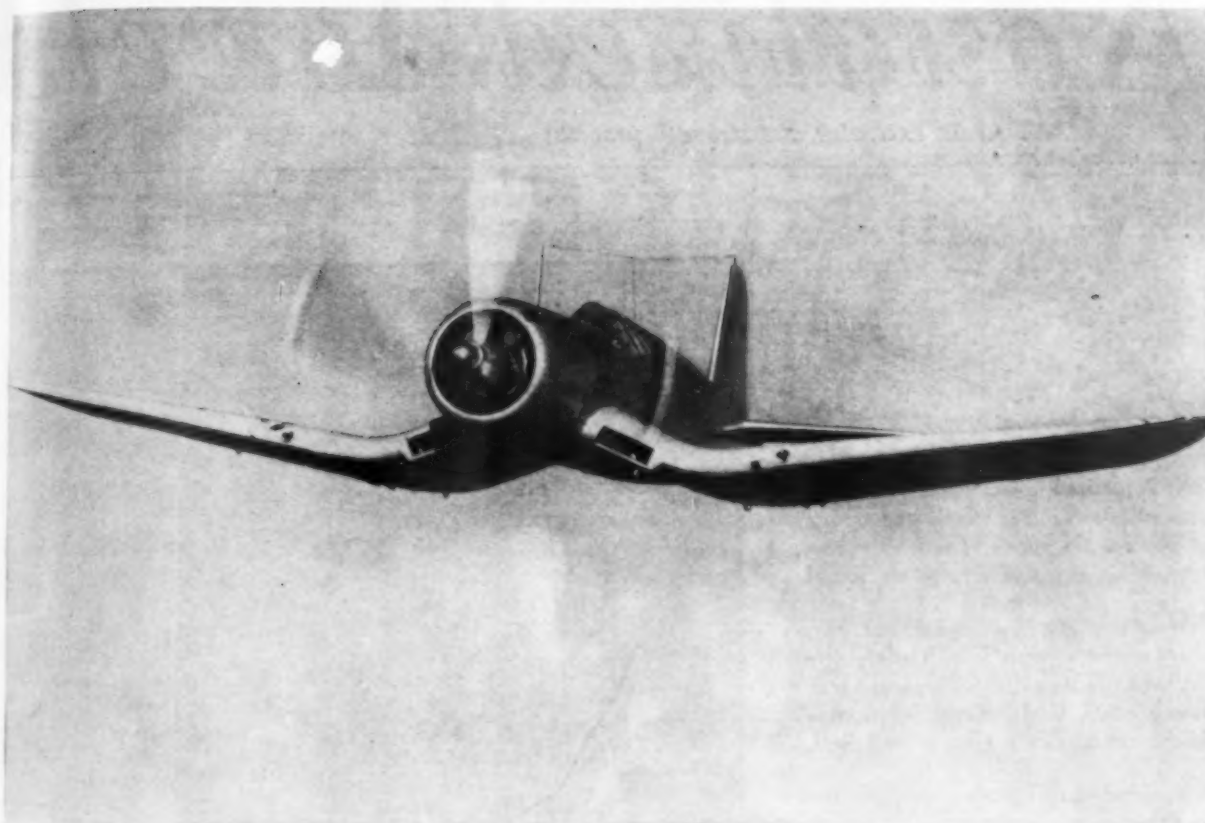
Canada's defense program is moving ahead relatively as fast as its United States counterpart. But in contrast with the large number of unemployed in the United States, Canada's relief rolls by the end of last August had been cut to 372,000, including employables, partially employable, and unemployable people. Labor officials declared that not more than 79,500 of these could be classed as fully employable persons.

• **Men in Demand**—In contrast with this, insiders at Ottawa insist that the spectacular expansion of the defense program calls for 150,000 new workers every few months, and line up their wants something like this for the arm industries alone:

Employed Nov. 1, 1940.....	150,000
Required Apr. 1, 1941.....	300,000
Required Sept. 1, 1941.....	450,000
Required Jan. 1, 1942.....	600,000

Canada has no idea where it is going to fill this demand. Between July, 1939 and July, 1940, industry absorbed 215,000 jobless workers. During August, another 68,000 found jobs, and the demand for workers since then has intensified.

• **Army Drains Labor**—Since the end of August, the military training system in the Dominion has come into operation and, while at present the law re-



America's Fastest

UP, UP, UP go the speeds of America's military airplanes . . . and this new Vought-Sikorsky fighter for the U.S. Navy is being hailed as the fastest of them all. Sleekly streamlined, it combines tremendous speed with long range and the ability to land safely on the limited area of an aircraft carrier's deck.

Highly significant is the fact that this fast fighter is powered by a Pratt & Whitney Double Wasp engine, the most powerful ever installed in an airplane of this class. Thus, the radial air-cooled engine, which has contributed

so much to aviation's progress in the past 15 years, again leads the way to new achievements at this crucial period in America's aeronautical history.



Aqualized Towels

(An exclusive wet strength process)



One Aqualized towel is as strong as any other *two* paper towels—as strong as *four* average towels. Think what this fact means in terms of towel economy!

Towels that are Aqualized do not tear, shred or fuzz when wet. Their entire drying surface can be fully used. Thus, towel waste is drastically reduced—washroom service is greatly improved.

The secret of this tremendous advance in paper towels is the exclusive Aqualized Process of manufacture. This process was developed by Brown Company and is used only in Aqualized towels!



These doubly-strong Aqualized towels are super-absorbent, too. They drink up water fast! One Aqualized towel dries both hands thoroughly. What's more, it is a pleasure to use Aqualized towels because of their soft, velvety texture.

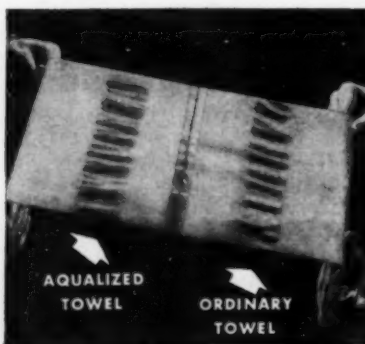


Aqualized towels are made from two of Brown Company's own exclusive pulps, White Husky Cellate and Northern spruce sulphate. Remember, if you want better drying service for your washrooms, better test Aqualized towels!



AQUALIZED TOWELS stay whole, efficient in use, because they have inherent wet strength. Their double strength means greater economy because *one towel will wipe dry!*

ORDINARY TOWELS tear and shred when wet. Extra towels are needed to dry the hands.



MAKE YOUR OWN TEST. Attach Aqualized towel to other paper towel with gummed tape. Wet a strip across each. Then pull.



RESULTS SHOW Aqualized towel intact, competitive towel pulled apart . . . proving Aqualized towels superior in wet strength.

Scale in
of mor
towel

lead 2 to 1 in Wet Strength Tests!

TOWEL VALUE—DOUBLED & REDOUBLED!

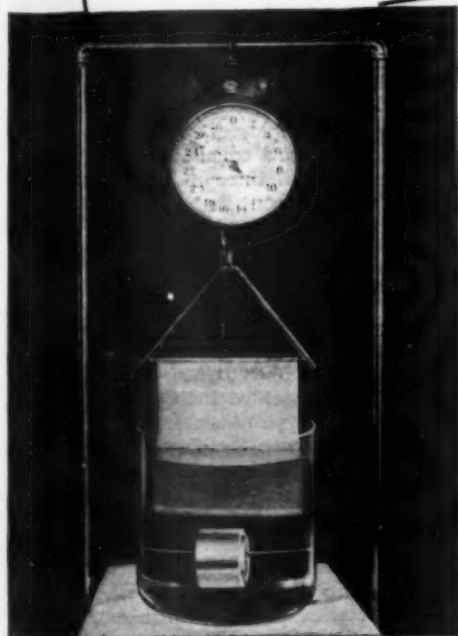
Impartial laboratory tests of the wet strength of paper towels show Nibroc Aqualized towels to be twice as strong as the next brand . . . four times as strong as the average for the ten leading brands tested.

**LEADING
PAPER
TOWELS**

Nibroc Aqualized Towels.....	26.8
BRAND B.....	11.5
BRAND C.....	10.7
BRAND D.....	10.2
BRAND E.....	9.4
BRAND F.....	8.3
BRAND G.....	7.0
BRAND H.....	4.7
BRAND I.....	4.4
BRAND J.....	4.1
BRAND K.....	3.1

**POUNDS
REQUIRED
TO TEAR**

TESTS CONDUCTED BY BETTER FABRICS TESTING BUREAU, INC., NEW YORK, N. Y.



Scale indicates that Aqualized towel withstands a pull of more than 26 pounds when soaking wet. No other towel tested was able to stand even half this strain.

FIRST CHOICE OF PAPER TOWEL EXPERTS

Three times as many paper merchants sell Aqualized towels as sell any other brand. These men are experts on paper towel quality. Why not follow their lead? Try Aqualized towels in your own wash-room. You'll prefer them too! For test samples and name of local distributor write Brown Company, 500 Fifth Ave., New York, N. Y.



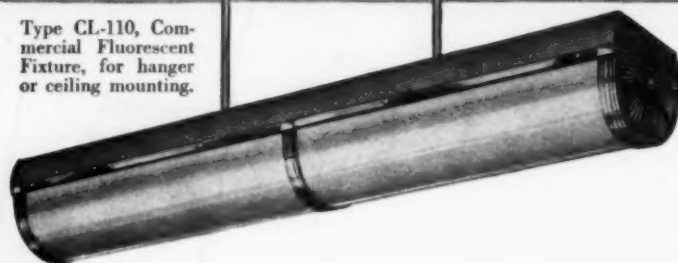
REG. TRADE MARK

BUILT FOR TOMORROW AS WELL AS TODAY

FLUORESCENT LIGHTING

by Westinghouse

Type CL-110, Commercial Fluorescent Fixture, for hanger or ceiling mounting.



Full Line Of Fixtures Available

Westinghouse offers distinction in design and a sturdiness of construction that creates long service in its popularly priced Fluorescent Lighting for Factories, Offices, Stores and Public Buildings.

These Fluorescent fixtures are twice as cool . . . have greater illumination efficiency . . . eliminate glare and harsh shadows . . . and are corrected for power factor and cyclic flicker.

Westinghouse Fluorescent equipment is supplied in a full range of types and sizes . . . from the CL-110 pictured above, for Stores, to porcelain enameled and Alzak aluminum reflector units for either general or "precision seeing" in Factories. In fact, there is a Westinghouse Fluorescent Lighting fixture for every Commercial and Industrial application.

Complete Westinghouse Fluorescent stocks and services are available locally through 117 Westinghouse Electric Supply Company offices or Independent Westinghouse Lighting Distributors. Or write the Lighting Division, Westinghouse Electric & Manufacturing Company, Edgewater Park, Cleveland, Ohio.

Tune in "Musical Americana," N. B. C. Red Network,
Coast-to-Coast, every Thursday evening.

Westinghouse
FLUORESCENT LIGHTING



quires only 30 days in training camps, it is estimated that one in every eight men entering training will enlist in the Canadian Active Service Force "for the duration," and will thus become permanently unavailable for work in the war industries. From the peacetime level of 10,724, the number of men in the fighting services has already jumped to 242,000.

Right now Canadians see four possible labor-supply sources: (1) More women undoubtedly will be coaxed into factory work by rising wage rates and by the need of helping to support families while men are in the service. Some are already working as inspectors in shell plants. (2) "Drafting" workers from the so-called "non-essential" industries is already under consideration by the newly-appointed government commission. And finally, Canada still hopes to tempt workers (3) from Britain and (4) from the United States though it can't expect to get many skilled wage earners from these countries save under some plan which is sanctioned by the defense authorities in London and Washington.

Helping Draftees

More companies formulate policy on conscription. Many will contribute partial pay and keep benefits in force.

Available for publication this week were statements from additional companies (BW-Oct.26'40,p22) on how they will provide for employees who are conscripted.

One of the first firms to announce a generous policy, far in excess of the law's demands, was Fairbanks, Morse of Chicago. That company will pay all drafted employees of one year's seniority an amount equal to three months' wages, less three months' government pay. This contribution will be made in three monthly instalments. Seniority and profit-sharing fund rights will be maintained as conscripts will be considered "on leave."

• **York Ice Machinery Corp.**—This York (Pa.) firm will grant a month's salary, payable in 12 equal monthly instalments, provided the draftee has had at least one year's service. The company will continue the employee's group life insurance in force.

• **The Atlantic Refining Co.**—Will pay an amount equivalent to nine and two-tenths weeks' salary to all full-time workers drafted, provided that they have 12 months of company service. At the time the employee leaves to begin his training, he will receive two weeks' full pay plus any wages or salary, or unused vacation allowance, due at that time. The balance of the company's contribution

will be paid in instalments during the conscript's period of service, with the exception of two weeks' pay which will be given him when he returns to his employment.

• **American Brake Shoe & Foundry**—Will contribute two months' pay, less deductions for employees' retirement system and tax for old-age benefits and unemployment compensation. It will allow employees to remain members of the retirement system while in service, although neither company nor conscript will make contributions during the period of his absence. Further, the company will maintain group life insurance in force without deductions from the employee.

• **Emerson Radio**—Will pay an employee, for the first two months of military service, the difference between his regular salary and Army pay—based on the employee's average earnings for the last six months. In addition, the company will contribute the regular, one week vacation pay while a worker is in army service. Emerson will also bear the expense of keeping group insurance premiums paid up.

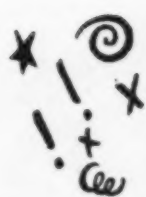
• **Allis-Chalmers**—Will pay bonuses of one month's salary for salaried workers and one-third of the employee's highest quarterly earnings in the preceding year for hourly workers. The company will also maintain group life insurance policies at no expense to the draftee.

• **Marshall Field & Co.**—Will give conscripts a month's pay computed on the same basis as vacation pay. Furthermore, the company will assume responsibility for keeping the employee paid up in the company's life insurance and hospitalization plans, and the draftee will retain his store discount purchase privileges.

• **Electric Storage Battery Co.**—Will give all employees with three years of company service 160 hours' pay. For those employed less than three years but more than 52 weeks: 80 hours pay. Computations will be made on the basis of average hourly earnings. Group life insurance will be kept in force at the company's expense.

• **The Home Insurance Co. (New York)**—Will grant its drafted employees full pay for the month that they are called into service plus an extra one month's salary for each year of employment up to a limit of five years. Payments will be made on a monthly basis in an amount equal to 50% of the employee's monthly compensation, except when only one month's allowance applies. Deductions from these contributions will be made for social security taxes.

• **United States Steel**—Will grant vacation allowances to those eligible, and continue group life insurance, provided the employee continues to pay his share. The company will grant full continuous service credit toward pension records at



"Don't you call me a bottleneck!"



"SOME STUFF! They can't blame *me* if they're behind on orders. If they want to know what's really holding up the works —let 'em look upstairs!"

IT'S a fact... delay, overtime and confusion often start right at the top. And one of the worst offenders is old-fashioned, time-frittering, two-person dictation.

When your secretary has to spend hours taking dictation, she can't always type your instructions, memos and correspondence on time. Your own work is held up, and delay here can spread throughout your entire organization.

What's the answer? Dictaphone! This modern dictating machine

helps executive *and* secretary get things done when they should be done. It helps keep work flowing smoothly—eliminates costly "bottle-necks."

Today thousands of busy men are accomplishing more with less effort—thanks to Dictaphone. Find out how Dictaphone can help you, too. Arrange to see the new Dictaphone movie, "What's an Office Anyway?" Or try Dictaphone yourself, at our expense. Just clip the coupon—mail it today!



The word DICTAPHONE is the Registered Trade-Mark of Dictaphone Corporation, Makers of Dictating Machines and Accessories to which said Trade-Mark is Applied.

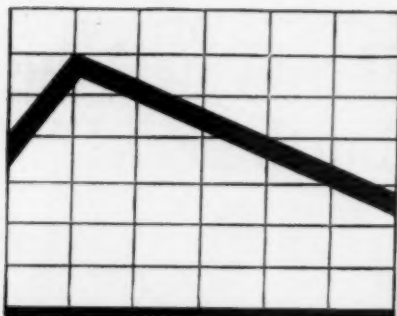
DICTAPHONE

BW-11

DICTAPHONE CORPORATION, 420 Lexington Ave., N. Y. C.
In Canada—Dictaphone Corporation Ltd., 86 Richmond Street, West, Toronto

- ☐ Please have your local representative arrange a showing for me of the Dictaphone movie "What's an Office Anyway?"
- ☐ Please send me your Progress Portfolio describing the new Dictaphone Cameo Dictating and Transcribing Machines.

Name _____
Company _____
Address _____



TAX TREND DOWN!

\$3 Bonded Debt Retired for Every \$2 New Borrowings—A STATE LAW

No State Tax on Real Property

\$81,000,000 Net Reduction in Bonded Indebtedness by State, Cities and Counties in Past Eight Years

City and County Real Property Tax Reduced Approximately 1/2

Today more than ever manufacturers must give careful consideration to the effect of taxes upon present and future operations. The tax trend in North Carolina is definitely downward. A far-sighted fiscal policy has already provided the highways, schools and other governmental facilities which many states must furnish in the future through increased taxes.

Cities and Counties have substantially reduced Property Taxes by effecting economies and because North Carolina is the ONLY STATE which maintains ALL PUBLIC SCHOOLS FOR A MINIMUM EIGHT MONTHS TERM, EVERY FOOT OF PUBLIC ROAD WITHIN THE STATE, AND ALL PRISONERS DRAWING 30-DAY TERMS AND OVER, OUT OF STATE FUNDS.

A Constitutional Amendment supported by Industry and Agriculture regulates the Bonded Debt of North Carolina and its political subdivisions. New Bond Issues must be approved by the LOCAL GOVERNMENT COMMITTEES. Large savings are effected by low interest rates on North Carolina Bonds.

Industry's deep-seated confidence in North Carolina's Within-the-budget spending is evidenced by the great increase in New Industries and Factory Additions.

Coupled with this sound fiscal policy is North Carolina's strategic location—outside the congested areas yet close to the richest consuming markets. Plentiful raw materials.

Native intelligent labor. Excellent power and transportation facilities. Competent Industrial Engineers will develop the facts for you in relation to your business. Write today. Industrial Division, Department of Conservation & Development, 2576 New State Office Building, Raleigh, North Carolina.



35% of the Nation's population within a 600-mile radius

NORTH CAROLINA
HOME OF SUCCESSFUL INDUSTRY



TUG OF WAR

California aircraft manufacturers were deeply concerned this week over the grim tug of war going on between C.I.O. auto workers and the Vultee Aircraft Co. in Downey, Calif., over the minimum wage rate. Armed with an overwhelming union vote taken last week (above), empowering them to call a strike of 3,000 Vultee mem-

bers out of a total of 5,600 employees, if necessary, a union committee early this week offered a compromise of a 65¢ minimum wage instead of 75¢, as originally demanded. A minimum of 50¢ to 57¢ has prevailed in Los Angeles plants. As Vultee goes now, so will the rest of the industry go; any wage-raise will bring prompt union demands on other plants. North American is likely to be next.

the rate of the preceding twelve months.

• **The Texas Corp.**—With 12,500 men of draft age in its employ, the company will contribute to each Texaco conscript full compensation, less military pay, for the first three months of military training. The company will also, at its own expense, continue an employee's group insurance.

This same plan will be followed by Philco Radio, Westinghouse Electric, and Pillsbury Flour Mills.

• **United Gas Pipe Line Co.**—This company and its associated companies will grant conscripts a full three months' pay and will maintain all insurance benefits in force.

Ohio's Bureau of Unemployment Compensation ruled that contributions made by Ohio employers to the income of employees called by the draft are not "taxable" wages within the meaning of the state's unemployment compensation law. The bureau held the following to be tax exempt: (1) payments represented by the difference between the employee's civilian salary and his military base pay; (2) payments assumed by a company for an employee's portion or contribution to a group insurance plan or savings and profit-sharing pension fund.

Added Incentive

United Aircraft Corp. extends extra compensation plan in the interest of still greater efforts at production.

Announcing an extension of its "Incentive Compensation" plan, United Aircraft Corp. last week presaged the shape of things to come as key defense plants drive to step up production. United made public the details of its new bonus system, which will put more money in employees' pay envelopes in return for greater effort. The project is called an "Additional Wage-Salary Plan." It will authorize payment of additional compensation semi-annually, when circumstances warrant, to all employees who are not already participating in the Incentive Compensation plan of the corporation or in the group payment plan now in effect in some departments.

Payments may vary somewhat between the divisions of the corporation, depending on circumstances. Eligible employees of the East Hartford divi-

sions will receive under this plan the equivalent of one and one-half weeks' salary or wage, calculated at their base rate of pay in effect on Oct. 31, exclusive of second and third shift special premiums or overtime allowances.

Payments of this additional amount will be made early in December to employees who have been continuously employed for six months.

Stores Reopened

Independents lose harvest as 11,200 chain employees go back to work after tieup that shut down 1,450 shops.

Independent food-shop operators saw a temporary trade bubble burst last week when a strike that had closed 1,450 chain stores in eastern Pennsylvania and South Jersey came to an end. The strike had involved 11,200 employees (BW—Oct. 26'40, p53; Nov. 2'40, p40).

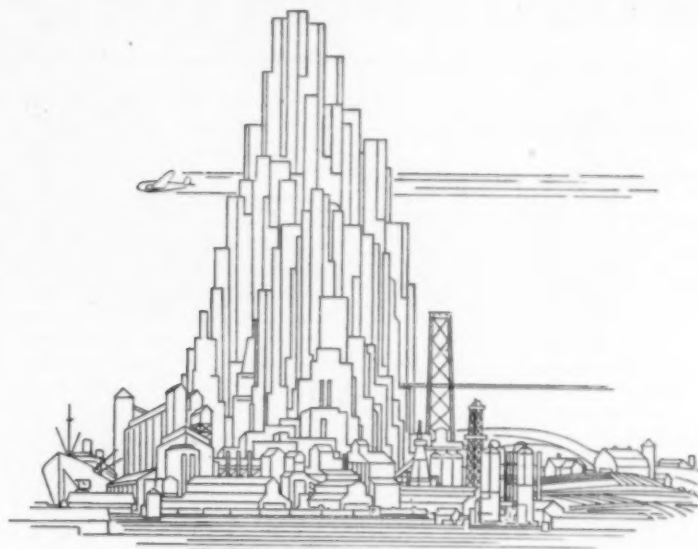
The 7,000 clerks of the closed stores of American Stores Co. and Great Atlantic & Pacific Tea Co. won wage increases, but lost their key demands—a 48-hour week and a two weeks' vacation. They will continue to work 51 hours a week, with one annual week of rest.

The strike, one of the most widespread in recent years, was started by 2,200 butchers of the A.F.L. Amalgamated Meat Cutters and Butchers, who walked out when contract negotiations deadlocked. Things were settled within two weeks, but the meat carvers remained out to support the clerks, who had aided them.

• Independents Cash In—Meanwhile, independent stores were reaping a money harvest as the American chain (with about 1,200 of its 2,600 stores shut) and the A. & P. was losing sales estimated in the neighborhood of \$1,500,000 a week. The chain officials, granting weekly increases to clerks, checkers, and counter fillers ranging from \$1 to \$1.50 (below union demands) refused to up the ante further, stating that the entire increased wage level would add \$500,000 to present payrolls. Clerks in the Philadelphia area were reported to have rejected the offer, but were overridden by locals in rural districts.

The clerks will receive \$21.50 weekly instead of \$20, women clerks the \$18 they have been getting. Supermarket checker cashiers will rate \$23. The agreement also contains closed-shop and conscription clauses.

Another party to the clerks' agreement is the Union Premier Food Stores, Inc., operators of 33 Food Fair markets affected by the butchers' strike. The stores, whose contract with the clerks runs to Dec. 5, reopened last week.



TWO BILLION DOLLARS LOANED TO CALIFORNIA INDUSTRY AND INDIVIDUALS *... a promise kept*

In 1932 this bank definitely promised to embark on a large scale lending program to put *depositors' dollars* to work.

That this promise has been kept and millions of the deposit dollars of Californians put to work is shown by the tremendous volume of loans made by Bank of America's 495 branches:

1020 million dollars loaned to finance business, industry, agriculture.

650 million dollars for home building, buying, modernization, and other types of loans on real property.

230 million dollars loaned for automobile financing.

180 million dollars in *Timoplus* personal loans.

Grand total . . . two billion, eighty million dollars . . . one of the greatest lending records for any bank in the nation!

Whatever your banking or financial need in California may be, it will receive the friendliest attention at Bank of America. Write to the main office in San Francisco or Los Angeles, or, if convenient, call at any branch.

★ ★ ★

Bank of America invites business executives who have interests in California to write for the "Bank of America Business Review," a monthly publication which will be sent without obligation.

Bank of America

NATIONAL TRUST & SAVINGS ASSOCIATION

COMPLETE BANKING FACILITIES IN EACH OF 495 BRANCHES (Commercial...Savings...Trust...Safe Deposit)

MEMBER...FEDERAL RESERVE SYSTEM...FEDERAL DEPOSIT INSURANCE CORPORATION

TWO MAIN OFFICES
San Francisco . . . Los Angeles



Blue and gold Bank of America Travelers Cheques are available through authorized banks and agencies everywhere. Carry them when you travel.

PRODUCTION

Metal Mystery

Researchers believe they have key to steel's response to cutting tools. If so, it will increase U. S. factory output.

There are two ways to increase this country's metal-working capacity. One is to build more machine tools. The other is to use steels that respond better to machining, hence permit higher speeds or heavier feeds.

But when you ask a steel maker for a stock that will machine more satisfactorily and still retain its other required qualities, you are setting him a tough problem. Steel-mill technicians freely confess they don't know how to influence the machining quality of their product, except within broad limits.

• **Mystery Stuff**—What they do know is empirical. A high-phosphorus formula cuts well, but is brittle. A high-sulphur steel cuts well, but tends to develop surface defects in rolling. Screw stock cuts like nobody's business, but it won't carry a heavy load. The why of these effects is unknown. If a mill undertakes to create a steel of predetermined response to machining, it is lucky to end up within 90 degrees of its destination.

This incredible gap in an industry's know-how brings down all manner of grief upon steel makers and steel users alike. An automobile factory specifies a standard S.A.E. formula for gear stock, splits the order among three major companies. All three steels analyze alike, yet one yields 40 gears before the cutting tool needs a regrind, the others only 30 and 20 respectively. On another steel from the same mills, the order of machinability may be reversed. And when the low mill sets about bringing its product up to high performance, it does the job by cut and try.

• **A Piece of Research**—Irrked by this unscientific control, Carnegie-Illinois Steel Corp. has been tinkering with the problem in its research laboratories at Gary, Ind. Two years ago its researchers built a pioneering test machine that cut steel, meanwhile producing instrument readings of pressure, tool temperature, and so on. Its builders admitted it was pretty crude. It nevertheless produced laboratory test data which showed recognizable correlations with customers' machine-line experience.

Thus encouraged, the laboratory built a far more elaborate test machine, last month operated it for a week at the Metals Show in Cleveland, then dismantled it and moved it back to Gary.

When this unit cuts steel, the laboratory obtains precision-gage measurements of tool life, temperature of the cutting edge, smoothness of the machined surface, average overall pressure, and split-second vibrations in pressure.

• **Pressure Not Even**—Previous attempts to measure pressure on a cutting tool have seldom aspired beyond average pressures. But when a tool plows its way through steel, its action is to pry off one tiny chip after another, though these may form what looks like a smooth ribbon. The pressure of the tool is thus a succession of highs and lows—20 cycles per second is typical for a cutting speed of 75 ft. per min.

The new laboratory device picks up these variations and projects them on an oscilloscope screen as an enlarged pattern of flickering sine curves. The researchers suspect that the key to a steel's machine response may prove to be in the fluctuations of pressure, and that the life of a cutting edge between dressings may be longer if, in cutting, the top pressure does not go too high.

• **Major Discovery**—Big Steel subsidiaries are notably conservative in prophecy, and its research men respect the corporate rule. About all they say pub-

licly on this project is that by the end of another year its cost will have got into six figures, and by then they expect their results should get them the money to continue. But behind closed doors they admit to associates that they think they are on the trail of the principles that govern the way each steel responds to the cutting tool. Once they uncover these principles, they believe they will be able to pre-plan the desired qualities of a steel and then hold production right on the mark.

If they are right, the new development has implications of eventual increases in speeds and feeds of machine tools. This could boost U. S. factories' output far faster than the machine-tool industry can boost it by producing new machines. A faster-cutting family of steels could put a hugely increased tonnage of work across the beds of the machine tools already in existence.

But the research men are not letting themselves think in any such grandiose terms as an all-purpose steel of maximum machinability. They affirm that they are merely seeking a way to control the machinability of the product for the individual customer. If only they find a way to make sure that every time one of their mills ships a heat of gear stock to a big automobile plant, the customer's cutting tools continue to turn out 40 finished gears between grinds, Carnegie-Illinois will have its money's worth.



MOTORS ON THE MARCH

As General Electric's new "Tri-Clad" polyphase induction motors march down the conveyor from the production department, the inspector gives a final check to the new "streamlined" frame, the improved bearings, the cast-aluminum rotor, the Formex mag-

net wire which promises long life and freedom from motor worries. The dimensions of the new general-purpose line accord with the new National Electrical Manufacturers Association standards announced last month (BW—Oct. 26 '40, p. 55); the motors themselves are considerably smaller, power for power, than former models.



... to Grow with a Growing Country

• What are the opportunities for industry in the Gulf South? Consider these facts:

During the period from 1931 to 1937,* the total value of manufactured products in the Gulf South area increased 79%, compared to 48% for the United States as a whole.

From 1930 to 1938,* farm cash income increased 7% in this area, compared to 4% over the nation. Banking resources, water-borne export tonnage, gross postal receipts, and realized national income in the Gulf South have all outstripped

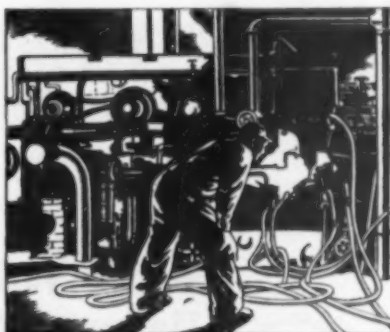
national averages. These are strong indices of the swifter growth of the Gulf South among the nation's industrial regions.

Add to advantages of sound industrial and financial growth other inducements for industrial location in the Gulf South . . . quick, convenient transport to local and Pan-American markets . . . rich supply of raw materials and basic crops . . . abundant Natural Gas, the No. 1 industrial fuel . . . native, white, reliable, intelligent labor . . . plentiful land, good schools, pleasant year-round climate.

Industry is decentralizing southward to a friendlier atmosphere. Move to the Gulf South where you are wanted and appreciated by your neighbors.

Without obligation let us make a confidential survey for you to meet the requirements of your industry.

*Latest figures available.



This illustrates a Gulf South glass melting furnace, in which the materials used for making glass are fused at a temperature of some 2600° F., fired with Natural Gas supplied by this Company.

For information on GULF SOUTH opportunities write to
DIRECTOR OF INDUSTRIAL DEVELOPMENT

UNITED GAS PIPE LINE COMPANY

FOR TEXAS, Mail received at: Beaumont, Beeville, Dallas, Fort Worth, Houston, Longview, San Antonio and Wichita Falls. FOR LOUISIANA, Mail received at: Baton Rouge, Lake Charles, Monroe and Shreveport. FOR MISSISSIPPI, FLORIDA and ALABAMA, Mail received at: Jackson, Mississippi.
ALL INQUIRIES CONSIDERED CONFIDENTIAL

COPIR. 1940, UNITED GAS PIPE LINE CO.

Efficient This Time

Army and Navy working together, like well-organized industry, using same designs and testing for each other.

Manufacturers who feared that the defense program would bring back the confusion and delay of the last war, when Army differed from Navy on engineering designs and specifications, and both ran roughshod over established industrial practices, are gradually discovering that "the boys are doing it differently this time." Cooperation is the watchword in Washington. Gone is the old military stiffness. Colonels and commanders are in civilian clothes. There is a hum of activity like that in any well-organized industrial enterprise.

For example, Commander A. M. Pride, who heads up the work of preparing coordinated specifications for the Navy Bureau of Aeronautics, and Major D. C. Lingle, who heads up the same kind of work for the Army Air Corps, occupy the same office in the Munitions Building. Both possess first-hand knowledge of air requirements, Pride having been a test pilot and Lingle an engineer at Wright Field, where he also did considerable test flying. Their job is to bring



MOBILE REPAIR SHOP

Mechanization of the U. S. Army has made it necessary to build up a maintenance corps to roll along with troops and keep equipment in order. The

ordnance division of the Army has therefore developed various types of mobile shop trucks to handle repairs on everything from small arms to big tanks. Each of the trucks produces its own power with a 5-kw. generator.

Army and Navy specifications into harmony. Frequently they order Navy tests to be performed at Wright Field, and

Army tests at Naval Aircraft Factory.

• **Designs Identical**—Wherever the tests are performed, all test data are so coordinated that resultant designs and specifications are identical for both services. Airplane engines and parts have become interchangeable to a degree that a Navy plane may fly with an Army engine. And if the Army engine requires new pistons, it can use the spare ones carried in stock by the Navy. Bomb clips under airplane wings are now exactly the same for both services; each can use the other's bombs, though it should be added that details of fuses and powder charges are different.

Army and Navy cooperation now extends even to inspections, as witness a new arrangement whereby all Pratt & Whitney engines, whether for one service or the other, will be manufactured under Navy inspection and supervision; all Wright engines will be under the Army. Furthermore, specifications for Army and Navy ordnance are being similarly coordinated by two officers at adjoining desks, Commander H. V. McCabe and Major J. W. Younger. If the Army is getting material from a manufacturing plant where a Navy inspector is stationed, the Navy man accepts or rejects it for the Army.

• **Unification Everywhere**—Joint Boards abound in Washington: the Joint Army and Navy Munitions Board, the Joint Smokeless Powder Board, the Joint Gun Forgings Board, and many others—all working for the unification of Army and Navy engineering and production. Add to that the Federal

Call Ryerson for Immediate Steel

Certified Quality Helps Meet Gov't Specifications

Call Ryerson when you need good steel quickly. Under the Certified Steel plan, you get steels made to narrow close-range specifications that reduce shop labor costs and assure uniform, dependable results that help pass government inspection.

Vast Stocks at 10 Plants Assure Quick Delivery...

Call Ryerson when you need good steel quickly. Over 10,000 kinds, shapes, and sizes of structurals, bars, plates, sheets, shafting, alloys, tool steel, stainless, tubing, etc., are carried in stock for immediate shipment. Write for 1940-41 Stock List. Jos. T. Ryerson & Son, Inc.—Chicago, Milw., St. Louis, Detroit, Cincinnati, Cleveland, Buffalo, Phila., Boston, Jersey City.



Specifications Executive Committee, which began early in the '20s to coordinate all specifications used by three or more government agencies, and it will be seen unification is proceeding beyond the Army and Navy to the Post Office Department, the Department of Agriculture, the Veterans Bureau.

Reporting on the new spirit in Washington, George F. Nordenholt, editor of McGraw-Hill's Product Engineering, writes that the Army and Navy "have pooled their knowledge and experience, are cooperating as a unit, and are working with industry and the leading engineering societies to the end that the U.S.A. will possess in a minimum of time the world's most powerful and effective armaments in quantities far in excess of anything ever produced. And it is being done with an efficiency not even suspected by the average layman."

• **Tribute from Zeder**—As typical of the engineering prowess of the various services, Mr. Nordenholt quotes Fred Zeder, hard-hitting and critical vice-president in charge of Chrysler engineering, who said: "Chrysler takes second place to no one in engineering, but I must admit that if we had the boys at Rock Island Arsenal to add to our engineering staff, we would materially strengthen our position."

Corn-Olive Oil

New "infused" product is developed in bid for former import market, and for wider table and kitchen use.

With the free flow of olive oil from the Mediterranean countries choked off by the British fleet, there could hardly be a more auspicious time for American Maize-Products Co. to launch its "Ricola Pure Olive Infused Salad Oil." Note the "infused" in the name because the oil is 90% corn and only 10% olive, yet it tastes, smells, and looks like first-press prime olive.

Unlike the illegal blends of tea seed and olive oils which have stirred the Food and Drug Administration to action from time to time when sold as "pure virgin olive oil" (BW—Apr. 17 '37, p54), Ricola is not a blend, but (as its name acknowledges) an infusion. Ripe olives are ground, with or without their pits, to a pulp of almost colloidal fineness. The pulp is mixed with a highly refined, tasteless, odorless corn oil, and the resultant mixture passed through a filter press to remove undissolved solids.

• **Vitamin A Too**—It appears that when oil is expressed from olives in the usual manner, many of the substances producing the characteristic aroma and flavor are left behind in the residue.



...the Bell "Airacobra"

One of America's fastest, most formidable single-engine interceptor-pursuit planes! Its top speed is a secret. Armed with machine guns and cannon, the Airacobra is a deadly fighter... Mass production deliveries are now being made to the U.S. and British Governments. Bell Aircraft Corporation uses Ediphones, "... to help us break through the bottleneck of business detail; let us focus on the vital problem of national defense."



The Ediphone EDISON VOICEWRITER

Your business, too, can be prepared for greater production...armed against keener competition. Surveys show that the average executive increases his capacity an hour a day with the Edison Voicewriter.

Talk your work away—give your secretary a chance to become a real assistant! A beautiful 8½" x 11" Streamlined Ediphone (above) for your desk top—a beautiful, new floor model for your desk side.



No Obligation! Send for booklet "RE-ARM THE AMERICAN EXECUTIVE." (Incidentally, see how long it takes you to call your secretary and dictate this request. On an Ediphone you can do it in only 15 seconds.)

Address Dept. B11, Thomas A. Edison, Inc., West Orange, N. J., or Thomas A. Edison of Canada, Ltd., 610 Bay Street, Toronto.



PLANE TESTS RECORDED

Utilizing the same sort of magnetized metal tape which records weather reports for automatic repetition over telephone weather stations, the Heller Magnograph Corp., of Los Angeles, has designed a "Planetest Magnograph" for recording simultaneous reports on as many as 16 different aircraft phenomena and instrument readings during test flights. The recorder itself is divided into two sections, each capable of recording eight

individual messages. In the plane, flight test engineers are kept busy operating the machine. A microphone may be strapped to each observer's throat to make records without interfering with the oxygen-breathing apparatus.

First instrument will be used by Lockheed Aircraft Corp., of Burbank, Calif., which expects it to trim the cost of flight testing below the traditional \$1,000 per hour. Two similar instruments are reported on order for the Civil Aeronautics Board.



With them is lost considerable carotene or vitamin A, which appears in the new infused oil. In addition, the meat of the olive contains certain antioxidants which, added to corn oil, increase the keeping qualities of the latter.

Hope of American Maize is not only to replace a large part of the 7,000,000 gals. of imported olive oil which Italian-American and other lovers of olive oil have been using (plus 300,000 gallons from our own California), but to extend the employment of olive oil in salads and cookery to countless families which consider olive oil too expensive.

Synthetic Strings

Armour scientists evolving substitutes for natural gut. New casing is a success, salvaging tons of animal material.

All summer, Armour & Company has had a few friendly outlets trying out synthetic strings for tennis rackets and for musical instruments, right now has research men poring over the accumulated reports. Users agree that the new products perform at least as well as animal gut, and that they stand up better against atmospheric moisture that makes a racket go soggy or a bull fiddle go flat. The laboratory experts say that before next spring, they should unquestionably have their synthetic strings weatherproofed to permit mild wettings without damage to tension.

When they reach this point they expect slathers of business from the sporting goods manufacturers who now dare use only silk gut—generally despised by tennis players—for factory stringing because animal gut strings are likely to go soft before the racket can leave the dealer's shelf.

Likewise, the scientists are experimenting with the same synthetic material for producing surgical sutures of uniformity and desirable characteristics not attainable in gut sutures.

Actually past the experimental stage, however, is one product of this same synthetic material. Last month, without comment, bologna and assorted dry sausages from Armour's Chicago plant began going out in synthetic casing that looks like a natural casing. After four weeks, not a retailer or customer had even mentioned it—which is the reaction devoutly to be wished in a casing.

Ever since synthetic casings which look and taste like cellophane came into commercial use because their uniformity fits machine operations and their ability to take printing makes the product sell better from store display, meat packers have grumbled. It hurt their pocketbook nerves to pay outsiders for inedible synthetics which replaced tons of natural

...at 251,000 miles, this Ford V-8 Truck still works 20 hours a day!

Ford Motor Company, Dearborn, Michigan

Gentlemen: In two years, my Ford Truck has been driven 251,005 miles and for most of its life it has been doing two full-size jobs. It has been making four round trips daily between Watertown, Wis., and Waterloo, Wis., hauling an average of 10,000 pounds of milk. At night I drive the same weight load from Watertown to Chicago, a 190-mile round trip, returning early in the morning.

Despite the 251,005 miles, this truck has had only two exchange motor replacements. The original motor operated 81,815 miles. The second engine traveled 153,485 miles, after which we had a reconditioned 95-hp engine installed at a cost of \$88.

In more than 250,000 miles, there have been no repairs needed on either rear axle or transmission. And, including exchange motor replacements, my total repairs to date have cost me only \$175.15.

It is with great pleasure that I pass on the above facts to you.

Yours very truly,


September 29, 1940

JOHN COLWILL, Mukwonago, Wisconsin

● *New 1941 Ford Trucks are now on display. See them. Study them. Make an actual "on-the-job" test, on your own routes, with your own loads. Prove to your own satisfaction that the Ford is the truck to do your job, in less time, at lower cost. For '41, put a Ford to work! Ford Motor Company, builders of Ford V-8 and Mercury Cars, Ford Trucks, Commercial Cars, Station Wagons and Transit Buses.*

1941 FORD FEATURES — Two V-8 engines — 95 and 85 hp • New 4-cylinder 30-hp engine for maximum economy in Commercial Cars, $\frac{3}{4}$ and One-Ton Trucks • Six wheelbases — 42 body and chassis types • Full-floating rear axles in all trucks — ring gear thrust plate • $\frac{3}{4}$ -floating axle in Commercial Cars • Straddle-mounted driving pinion • Big hydraulic brakes • Two-speed axle, also reinforced frame in trucks for heavy-duty service (optional at extra cost).

FOR '41, PUT A FORD TO WORK!



FORD V-8 TRUCKS

Discovery of New Low-Cost Resin

VINSOL*

A BOON TO MANY INDUSTRIES

Do these present uses
suggest profitable appli-
cations in your business?

Shellac substitutes	Hard pressed board
Asphalt emulsions	Fiber board
Cement plasticisers	Impregnated paper
and grinding aids	products
Extenders for	Laminating varnish
phenolic resins	Cold molded plastics
Paints	Motor windings
Varnishes	Transformers
Stains	High voltage in-
Nitrocellulose lacquer	sulation

Some of the valuable proper-
ties that make VINSOL an out-
standing low-cost raw material

Insoluble in petroleum derivatives—Chemists know how unusual and important this is in protective coatings, plastics, and other products.

Excellent electrical characteristics—At 85°C., break-down is above 20,000 volts; power factor ranges from 0.5% at 25°C. to 15.2% at 103°C., dielectric constant from 2.81% to 6.5%.

Available in pulverized form—60% passes 200 mesh screen; 100% passes 30 mesh. Does not set or cake under normal temperature and humidity.

Easily esterified—With glycerin, ethylene glycol, diethylene glycol, etc., Vinsol yields resins of value in lacquers and varnishes.

Easily saponified—Produces emulsions of extreme stability—valuable in asphalt emulsions.

Other important properties—Dark-colored; dark red by transmitted light; melts at about 115°C.; acid number, 93. Chemically and physically stable.

FREE SAMPLE OFFER: tell us how much Vinsol you need for trial.

Naval Stores Department
HERCULES POWDER COMPANY
INCORPORATED

928C1 Market St., Wilmington, Del.

We need.....pounds of Vinsol for testing.

Send me a descriptive booklet ☐

Name.....

Firm.....

Address.....

*Reg. U. S. Pat. Off. by Hercules Powder Company

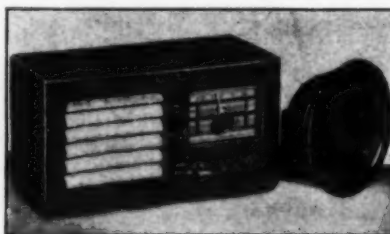
casings, and sent to fertilizer tanks good materials such as sausage departments used or sold to other manufacturers. Example of this waste: Recently beef casings have been tanked because the market price fell below the cost of preparation.

The new Armour synthetic casing consists of collagen, a material produced from tendons and other parts formerly boiled up for gelatin or glue. A collagen casing is claimed to have all advantages of synthetic and natural casings. Natural casings themselves are a good source of collagen. Now Armour is expanding production of collagen casings to use them on a broader line. Besides being economical, the new process saves for this high-value use many tons of animal material that formerly was worth only a few cents per pound.

NEW PRODUCTS

Radio Doraphone

Dual purpose of Setchell Carlson, Inc., 2233 University Ave., St. Paul, in bringing out the new Radio Doraphone



is to provide radio broadcast reception and two-way inter-communication in one outfit. For home use, the "external speaker" (right) may go in a distant room or outside the front door, where you can use it to interview callers without leaving the radio. In the office, store, or plant, it can be located at your secretary's desk or in any department with which you desire frequent communication, or to which you might wish to relay radio broadcasts.

Display Turntable

Newest electric turntable for revolving displays is the inexpensive new Roto-Sho, product of General Die & Stamping Corp., 265 Canal St., New York. It will revolve a 150-lb. balanced load or a 200-lb. centered load three times every minute for less than a cent's worth of current per day.

Luboil Additive

Just 2% of Santolube 261 added to the lubricating oil of any gas, gasoline, or diesel engine will go a long way toward preventing ring-sticking and corrosion of copper-lead and cadmium-sil-

RUSTLESS OPEN HOUSE

Last Friday, Rustless Iron & Steel Corp. held open house for 500 executives, financiers, fabricators, and distributors connected with the fast-growing stainless-steel industry to show them the new \$2,500,000 addition to its Baltimore works. The all-day inspection marked the completion of an expansion program begun in 1935 which has raised the corporation's stainless-steel ingot capacity from 20,000 to 75,000 tons a year. C. E. Tuttle, president and board chairman, told dinner guests that, while the steel industry in general was raising its production 81% during the five years ending in 1939, stainless steel was climbing 221%. In 1937, Rustless had 450 employees; today, it has more than 1,400.

ver bearings. Also a pour-point depressant and guardian of oil viscosity, it is a new oil soluble salt produced by Monsanto Chemical Co., St. Louis.

Vacuum Lifter

Handling of many smooth-surfaced materials like plate glass, polished marble, and steel becomes comparatively



quick and easy with the new Red Devil Vacuum Cup Lifter, made by Landon P. Smith, Inc., Irvington, N. J. When a lift is completed, the big rubber suction cup is released instantly by tripping the chromium-finished lever.

Shower Curtain Curb

If your shower curtain misbehaves, you might try a Hold Rite Attachment, made by Arcraft Waterproof Products Co., 64 W. 23rd St., New York. It is an inexpensive little magnetic gadget which clips to the bottom of the curtain, holding it just where it belongs on the inside of any porcelain-enameled steel tub.

Automobile Lift

Utilizing the work-saving principle of the inclined plane, Wayne Pump Co., Fort Wayne, Ind., is bringing out the new Hercules Lift. The car rolls onto a



roller-mounted carriage, which in turn glides up a 45-deg. incline to a vertical height of 5 ft., keeping the car level at all times. The lift may be equipped for hand or electrical operation.

Safety Transformer

When the insulation on an extension cord wears thin and a worker in a plant drags it across a wet floor, he can get a mean shock. To prevent this, Newark Transformer Co., 17 Frelinghuysen Ave., Newark, N. J., has a new Safety Transformer, a small cylindrical device which connects into a cord and reduces the current from 110 to 6 volts and safety.

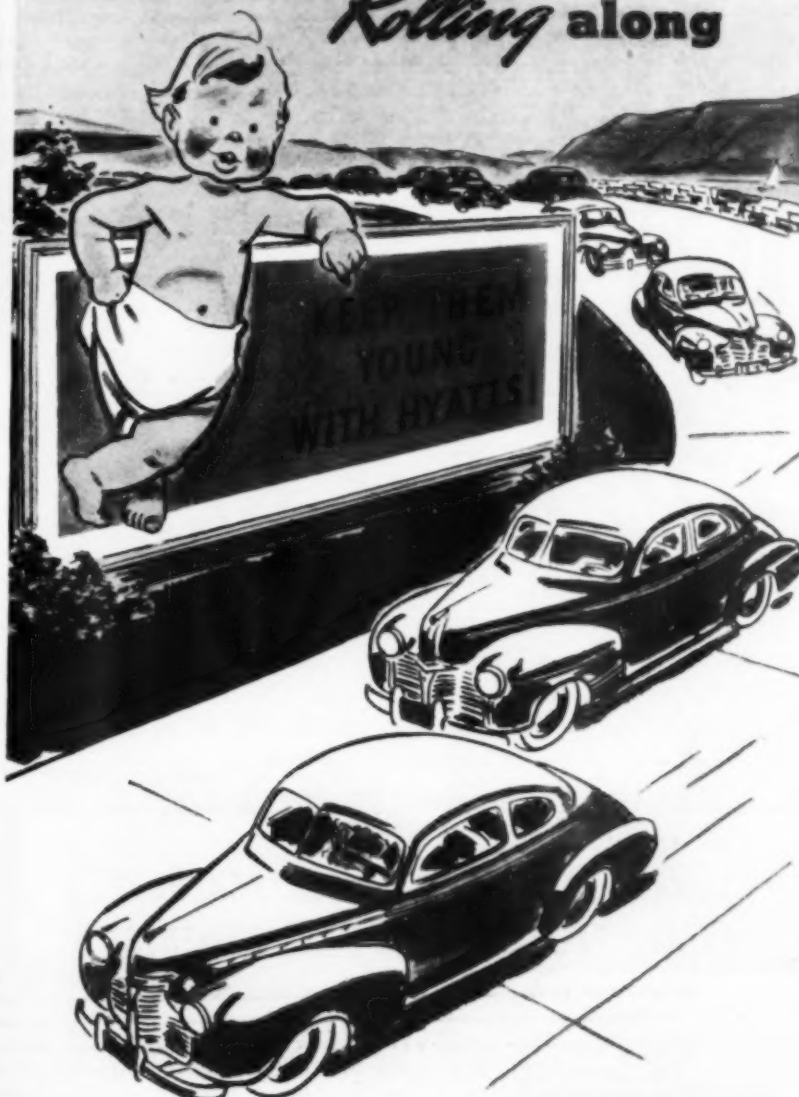
Therapex

No less than 2,100 mechanical vibrations a minute come through the top of the motor-powered Therapex to give synthetic exercise, speed up blood circu-

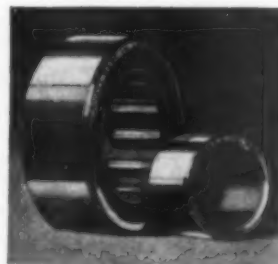


lation, and loosen stiff joints. Therapex Ltd., 150 Main St., E., Hamilton, Ont., makes it in two models, one for those who prefer to take their work-outs standing, the other for congenital sitters and invalids.

They just keep *Rolling* along



ON QUIET HYATTS it's always smooth going for millions of cars, trucks and buses. Ever since the early days of the automotive industry... when the first car builders came to us for their anti-friction bearing requirements... Hyatt Quiet Roller Bearings have increasingly played a prominent role in providing the quieter, smoother car performance which motorists so enjoy. And need we remind you that operating equipment on railways and farms, in mills and factories, depends on Hyatts to serve equally as well and as long! Hyatt Bearings Division, General Motors Sales Corporation, Harrison, New Jersey; Detroit, Chicago, Pittsburgh and San Francisco.



HYATT

ROLLER BEARINGS
QUIET

... SWIFTLY.



UNERRINGLY!

● You are entitled to a freight service that provides unfailing dependability of speed and handling—control of every movement as precise and sure as that which sends an arrow straight to its mark! The Santa Fe trademark represents a great tradition in railway freight transportation—fulfilled by the unerring aim of every detail of Santa Fe Service.

TODAY, SANTA FE'S FASTER SCHEDULE TRAINS PROVIDE THESE IMPROVEMENTS:

- Sixth morning delivery at Pacific Coast points from Chicago.
- Fifth morning delivery at Pacific Coast points from St. Louis, Kansas City, St. Joseph, Atchison and Leavenworth.
- Third morning delivery, Chicago to Galveston, Houston, and Beaumont.
- Second morning delivery, Chicago to Oklahoma City.
- The only overnight freight service, Chicago to Kansas City.
- Free pickup and delivery service on less carload merchandise.



● Ship via SANTA FE for swift, unerringly dependable service—whether a trainload, a carload, or a single package.

● For full particulars as to rates, service, etc., consult your nearest Santa Fe representative, or write

J. J. GROGAN

FREIGHT TRAFFIC MANAGER, CHICAGO, ILLINOIS

WE FAVOR ADEQUATE PREPAREDNESS FOR NATIONAL DEFENSE

MARKETING

ASCAP Defied

B.M.I. becomes largest of world's music publishers, and broadcasters are now prepared to stand their ground.

The game of poker being played by radio broadcasters and the American Society of Composers, Authors, and Publishers is getting to the showdown stage. ASCAP is the holding company through which some 1,000 composers and lyric writers and 100 music publishers collect royalties for public performances of a majority of the hit tunes played or sung in America. On Jan. 1 the contracts expire under which broadcasters pay a flat 5% of their total receipts for the right to air ASCAP music. And the trade dope now is that the odds are against new contracts being negotiated in the six weeks remaining before the deadline.

That represents a complete change in the trade betting, one that has come slowly. Two years ago, when officers of the National Association of Broadcasters were talking of setting up a music source of their own to fight ASCAP's demands for higher payments, neutral observers said it couldn't be done. It would cost too much money. And independents' suspicion of anything sponsored by the chains would prevent the necessary industry unity.

● **Hesitant Approach**—When a special convention of the N.A.B. was called, fourteen months ago, to discuss the proposal, even officers and directors of the association were happily astonished at the speed and dispatch with which members voted to set up Broadcast Music, Inc. (BW—Sep. 23 '39, p. 24). But even then, the move was discounted as a bluff. Theory was that B.M.I. was merely being fashioned as a bargaining weapon, one that would be discarded as soon as new contracts were negotiated with ASCAP.

But in a surprisingly short time, B.M.I. has grown into the largest music publishing house in the world. First of April, it began licensing users of its music, turning out about 30 new songs a month under its own print. In addition, it has acquired a number of existing catalogs—those of Hinds, Hayden & Eldridge, M. M. Cole, E. C. Schirmer, Ricordi, and Southern Music Publishing Co. Also, B.M.I. has at its disposal all of the "hundreds of thousands of compositions in the public domain." In a recent week, B.M.I. shipped to its members nearly 100,000 musical units—40,000 regular orchestrations, 16,000

dance orchestrations, 22,000 professional and sheet-music copies of popular music, 4,000 copies of standard music, and 15,000 reprints.

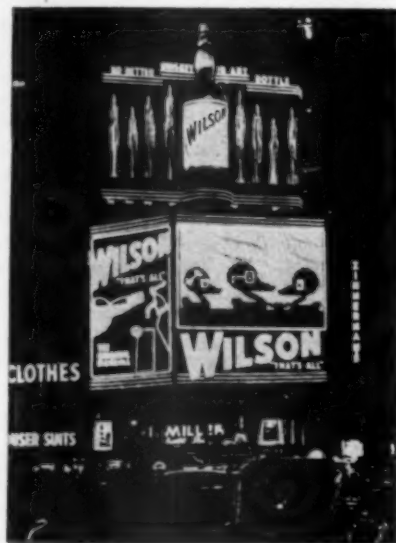
• **Big Boys Are In**—Although B.M.I. membership has been steadily growing, it could only recently claim a majority of the nation's 750 broadcasters. The members, however, represent perhaps four-fifths of the industry's commercial billings, for the stockholders include 90% of all stations with 5,000 watts and more, 70% of those with 1,000 to 5,000 watts, 55% of those with 500 to 1,000 watts, and 40% of the 100 and 250 watters.

If broadcasters originally intended to throw B.M.I. away once new ASCAP contracts were signed, it's likely they've now changed their minds. B.M.I. looks capable of maintaining itself as a permanently valuable music source as well as a bargaining tool.

• **Some Reasons Why**—A "deal" with ASCAP in the six weeks before New Year's Eve is still possible, but several factors make it improbable:

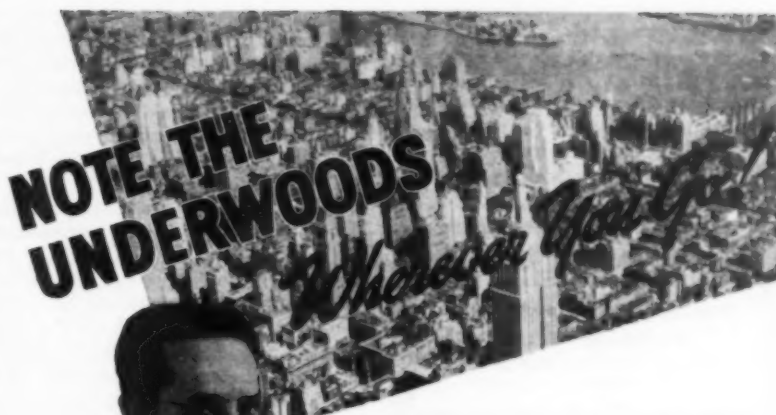
(1) While ASCAP now seems ready to negotiate, nobody on the broadcasters' side can make a move in that direction. The broadcasters have been thoroughly sold on the idea of a united front.

(2) Radio men are now convinced that complaints from listeners will be few and far between when ASCAP music goes off the air. The chains have been gradually cutting ASCAP tunes out of their sustaining programs, and



SUPER-SPECTACULAR

Douglas Leigh introduced one new note into the spectacular field when he invented the animated cartoon in electric lights. Now, in a new Broadway sign, installed for Wilson Whiskey, he introduces another, supplementing his animated cartoon with eight colored fountains.



Note the Underwoods on the desks of secretaries of America's Business Leaders . . . No wonder more than 5,000,000 Underwoods have been produced and sold.

Walter P. Berry, Secretary to Colonel William J. (Wild Bill) Donovan, says: "The Underwood is my choice because of ease of operation, clear, clean-cut, uniform quality of typing, accessibility of all operating parts and general all-round performance."



Lambert G. Reichenwald, Secretary to President Louis Ware, The International Agricultural Corporation, says: "I prefer the Underwood because of its quiet, speedy operation, its fine quality of workmanship and its durability."



Aldyth Reichenbach, Secretary to President Barney Balaban of Paramount Pictures Inc., refers to her Underwood this way: "The marvelous easy touch and the speed and silence with which the Underwood operates means greater production with less fatigue."



Olive I. Brusie, Secretary to Herbert P. Howell, Chairman of the Board, The Commercial National Bank and Trust Company of New York, "I like the Underwood," says Miss Brusie, "because of its quiet, easy operation and the excellence of its typing qualities."

Wherever you go, you find alert efficient secretaries to American business leaders at work on the Underwood Typewriter. Because so many secretaries have demanded Underwoods, Underwood production has soared to record heights. More than 5 million standard office-size machines have been produced and sold. Note the Underwoods wherever you go.

NO ONE KNOWS TYPEWRITERS QUITE AS WELL AS THOSE WHO USE TYPEWRITERS AS PART OF THEIR DAILY WORK.

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Typewriters, Accounting Machines, Adding Machines, Carbon Paper, Ribbons and other Supplies, One Park Avenue, New York

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PENNSYLVANIA

**A GREAT CITY IN A GREAT STATE
ISSUES AN INVITATION TO INDUSTRY**

Skilled Labor
4 Railroads • Transcontinental Airline
50 miles to Philadelphia
50 miles to New York
Overnight to Chicago
Low Taxation • Reasonable Power
Desirable Factory Sites

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and Complete Information

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Complete Lists
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LIFTS, CARRIES, PILES GOODS
BY THE TON . . .
15¢ AN HOUR



● Here's tireless strength and steel sinews to cut materials handling costs and improve working conditions in your plant.

MOBILIFT is unique . . . prices begin a little over \$1000 . . . weighs around 2600 lbs. . . is big enough to lift loads on forks to 9 ft. . . small enough to work in narrow aisles and inside cars and trucks . . . operates for less than 15¢ an hour.

MOBILIFT alone combines ALL these features. Let a **MOBILIFT** engineer analyze your materials handling problems, prove how you can increase profits and lighten labor fatigue.

Vaughan Motor Co., 854 S.E. Main,
Portland, Oregon.

MOBILIFT

now claim that of all the music played on the air ASCAP's percentage has dropped from around 70% to 35%. Starting Dec. 1, NBC and CBS will permit no ASCAP music on any of their sustaining programs, and are suggesting that advertisers use at least 50% non-ASCAP music.

(3) Broadcasters are convinced that ASCAP cannot get along permanently without revenue from radio. Last year radio contributed more than \$4,000,000 to the society. Broadcasters are saying that, after 60 or 90 days of the strike have gone by, ASCAP will be willing to negotiate on a really "reasonable" basis.

(4) Perhaps most important of all, most advertisers seem willing to play along with the broadcasters in the controversy. From the beginning, it was thought probable that the stations could get along without ASCAP music on their sustaining programs, but that the needs of such all-musical commercial programs as Lucky Strike's Hit Parade would force capitulation. But radio has done a good job of selling advertisers on the idea that surrender by broadcasters will mean higher time rates. The result

is that Lucky Strike, and others, are breaking in new theme songs.

That doesn't mean that all advertisers are viewing with complacency the elimination of what ASCAP calls "the music the public loves." Company lawyers have approached ASCAP to see if it will license its music to individual radio advertisers. The society says it is willing to consider the idea.

And middle of last week, E. F. Hummert, vice-president of Blackett-Sample-Hummert advertising agency, let out that he is filing a protest against the stalemate with the Federal Communications Commission. Mr. Hummert wants the FCC to step in and see that ASCAP and the broadcasters get together. Thus far, FCC has kept aloof, and broadcasters doubt the commission's authority in the matter. If the commission does take a hand, it will likely do so circumspectly—lest the old cry of government dictatorship be raised again.

Liquor Armistice?

New price schedules of distillers and acceptance of lower markups by retailers may check New York war.

New York's liquor price war—important nationally as a test of fair trade (BW—Nov. 9 '40, p39)—was still boiling this week, but current efforts to achieve market stabilization seemed to have a fair chance at eventual success.

The try at stabilization was begun two weeks ago when a group of distillers issued new fair-trade contracts to replace those which had long since been voided in the general price cutting. Calvert, Seagram, Carstairs, and Browne Vintners put into effect new schedules calling for 30% markups, and Park & Tilford restored the 40% markup that was generally required before the price war broke out in August.

● **Two-Price System**—These companies were followed last week by Frankfort Distilleries, who adopted what many observers feel is the most realistic approach yet made to the problem. Frankfort's new fair-trade contracts contain two sets of quotations—a list price and a temporary minimum price, the latter to be strictly enforced. It's expected that non-competitive neighborhood stores will sell at or near the list price, whereas competitive downtown stores will cut prices down to the minimum.

Frankfort thinks that its two-price policy is sensible in that it recognizes the competitive needs of all retailers in the market, rather than just one group. The new temporary minimums don't try to accomplish too much at one gulp; they raise prices only 20 to 30 cents a bottle on the company's three brands,

Four Roses, Paul Jones, and Mattingly & Moore. If the market shows signs of stabilizing, the minimums will gradually be raised. If extreme price cutting again appears, the minimums can be lowered.

• **The Markup Question**—In the past all segments of the trade haven't been able to agree on what constitutes a reasonable retail markup. Retailers have held out for markups of 40%. In the view of distillers, such "excessive" markups, by diverting sales to non-fair-trade private brands, brought on the price war on standard brands.

The hope for stabilization now rests on the belief that the three-months-old price war has brought retailers around to the distillers' point of view. At their annual Election Day mass meeting last week, the retailers as a group seemed reconciled to reduced markups. Whether they will individually observe the new fair-trade agreements, whether distillers really mean to enforce their contracts this time, will decide the fate of liquor fair trade in New York.

Drug & Suit Trade

Chain to introduce department-store merchandise and methods, bothering competitors in and out of pharmacy field.

The retail drug trade in California is usually in some kind of a stew what with policing the state's tight loss-leader law and resisting encroachments of the dime stores on the lucrative business in such items as cosmetics, tooth pastes, and antiseptics (BW—Aug. 12 '39, p. 29).

Currently it is up in arms over the report that department-store merchandise and methods are to be introduced early next year in the chain of 55 "drug" stores operated in the state by Sontag Drug Co., Hollywood, and that additional units to be added to the chain may offer keener competition both to drug and to department stores. Worst of all, druggists figure such a move by Sontag might put a bee in the bonnet of other California drug chains.

• **Threat to Dime Stores**—While the druggists are making the most noise about the development (because, they say, it would tend to cheapen all drug stores in the public's eyes), the dime stores and department-store basements probably would be hardest hit. It is understood the new Sontag line would include popular-price wear for men and women, haberdashery, dress accessories, electrical appliances, kitchen utensils, and hardware. Verification of details was impossible because the chain's officials have consistently refused to comment on apparently well-founded reports circulating among California retailers.

The Sontag stores are the grown-up



To help business make money is one of the principal functions of the Department of Commerce of the Commonwealth of Pennsylvania.

It has enabled companies here to find new opportunities. It has helped other companies locate here and achieve success. It is a vigorous, powerful branch of the Government devoted to fighting the battles of business in Pennsylvania.

This department will be glad to prepare a report for you on what conditions your particular company would find here . . . on raw materials

. . . labor . . . water, fuel, power . . . transportation . . . housing . . . available sites and buildings . . . and other information.

In the difficult times ahead, it may be a very good thing to have a plant located in the midst of the wealth of natural resources, raw materials, skilled labor, abundant transportation facilities you find in Pennsylvania.

Write to the Department of Commerce, Harrisburg, giving complete information on your company's requirements.

Pennsylvania

where your business can expand



ARTHUR H. JAMES Governor • RICHARD P. BROWN Secretary of Commerce

The man on the street helps us make better ads

We don't "wonder what the public would think" about an advertisement, a promotion idea, a product.

We go and find out. Getting the opinion of the man on the street—and the woman at home and in the market—is a usual step here.

It's a check on our own judgment and it means surer advertising results.

Like to see some interesting examples of this modern agency method?

**Newell-Emmett
COMPANY**
Advertising Counsel
40 EAST 34th ST., NEW YORK

Now!
a TACKER
that
DRIVES TACKS!



WHEREVER tacking, stapling or fastening is done—in plant or shipping room—Model T-1 HANSCO One-Hand Tacker is not only faster but safer! Drives T-head Hansen Tacks in 4 lengths, 3/16" to 1/2". Hold Tacker in one hand—material in other—tack fast as you grip. Compact. Easily portable. Self-contained. Flush front for close spaces. Submit your tacking problems. Ask for Folder.

A.L. HANSEN MFG. 5130 RAVENSWOOD AVE.
CO. CHICAGO, ILL.

children of the "pineboard drug store" which sprang into being some 10 years ago in southern California. People with reduced incomes wanted cheap merchandise, and the Sontags are often given credit for the pineboard idea, which spread quickly from Los Angeles.

• **Sontag History**—Coming to southern California from Philadelphia, Nate and Maurice Sontag first had a tobacco store in downtown Los Angeles. But sensing the depression demand, they got a limited line of credit from drug jobbers, and proceeded to develop their idea. The jobbers were friendly but did not know how long they would last.

First essential was an empty store, at low rent, in a fair location. This was furnished with the cheapest pineboard counters and shelves. Nothing was wasted on looks. Then drugs furnished the "face" for a stock of popular-price novelties that attracted customers. The country was full of distressed merchandise and there were few fair or unfair trade laws. Sontag added stores and evolved a more conventional type of store.

• **Drugs Are Secondary**—Today Sontag stores have modern equipment (mostly self-serve) and their turnover is too large to be limited to distressed merchandise. Drugs, medicines, and prescription service are secondary in a stock made up of small appliances, toys, games, clocks, confectionery, tobacco, and convenience goods seldom priced as high as a dollar.

The chain is adding new units in southern California with an eye to the opportunities resulting from the aircraft boom. Latest are two stores in Los Angeles, one at 10th Street and Western Avenue, already operating, with another under construction at Olympic and Gresham Boulevards.

Macy's Chain

New unit in Syracuse and another projected for the Bronx signalize a new policy based on special retailing techniques.

In Syracuse, N. Y., last week, R. H. Macy & Co. of New York City held a gala opening for its first branch store. But Macy officials almost took the publicity bloom off the Syracuse venture by announcing four days earlier that the store had contracted to build a second, and larger, branch in the Metropolitan Life Insurance Co.'s gigantic Parkchester housing development in New York's Bronx. The department store seemed well launched on its career of becoming a chain, for reports were also current that four more units might be opened in other New York cities and possibly one in Hartford, Conn.

Actually, plans for the Parkchester branch were under way before Macy's decided definitely on the Syracuse store (BW—Jul. 27 '40, p. 32). New York retailing circles knew that the world's largest department store wouldn't be able to resist the chance to open an outlet catering to the needs of the world's largest housing development (Parkchester, when completed, will accommodate around 25,000 middle-income families which probably will mean from 50,000 to 75,000 people).

• **Found New Formula**—Interest in Macy's branches centers in the fact that in years when other stores were busy setting up suburban outlets and even opening branches across the continent from the parent store, Macy's stuck



Before R. H. Macy opened its first branch store in Syracuse last week, President Jack Strauss signed up with Frederick H. Ecker, chairman of the

board of the Metropolitan Life Insurance Co., to build a second branch in the Metropolitan's Parkchester housing development in the Bronx.



MASS PRODUCTION

The first of 18 Diesel-electric locomotives on order for the Atlantic Coast Line's New York-to-Florida run rolled off the line at the Electro-Motive plant at La Grange, Ill., last week. Since the engine was built in just 60 days, Electro-Motive officials say they expect to deliver the rest of the fleet before heavy traffic begins this winter.

stubbornly to its mid-town location and gave no indication of going farther afield for its trade. Reason was that Macy merchandising traditionally has been pegged on the huge sales volume and cash policy which make its low prices possible. Executives took their time casting about for a formula which would insure the same values in smaller outlets. • **Semi-Self Service**—They think they've found it in Syracuse. To keep prices at least as low as in Macy's, New York (belief is they may be lower), the branch has been streamlined for economical selling. All transactions will be cash and carry—to this end there are no items the customer can't take with him, although stock includes men's, women's, and children's ready-to-wear, toilet goods, stationery, groceries, home furnishings, small appliances, even tires. The store is semi-self service. Clerks are called selectors, assist customers only when asked, and have duties resembling those of Woolworth salesgirls.

A staff of 135 is estimated as being about 60% as large as would ordinarily be found in a full service store of comparable size. All items are tested in the parent store for fast turnover—this gives the slogan, "A Star Item Store," which Macy's uses in Syracuse and will apply to the other branches which may be opened in similar locations close enough to New York City to minimize shipping and management expenses.

• **Prices Lower**—Generally, Macy's of



EVERYBODY WORKS, FEELS BETTER UNDER MIRALUMES!

You can flood every inch of your office with **DAYLIGHT** with these complete new "packages" of **FLUORESCENT** at its finest!

ANY office pay roll becomes more productive when Hygrade Fluorescent Lighting is put to work! Stenographers turn out neater typing. Bookkeepers handle figures faster. Everybody sees better, enjoys better health—is more efficient!

For Hygrade MIRALUMES provide an amazing new kind of daylight!

Beautiful light—several times more light—evenly diffused—50% cooler! And MIRALUMES are complete units—wired and ready to install overnight, without costly re-wiring!

Write today for free catalogue with complete facts on MIRALUMES. Address: Dep't M511, Hygrade Sylvania Corp., Ipswich, Mass.



COMMERCIAL MIRALUME HF-201: 200-watt unit; 4 40-watt lamps. Approximate length: 50".

SHOWN HERE is one of many MIRALUMES available. The only Fluorescent Lighting Units made complete—lamps, fixtures, starters—under one roof! Designed, engineered, built, sold complete and guaranteed by HYGRADE! Quality manufactured to meet the highest standards. Corrected for power factor and stroboscopic effect (flicker). Starters easily accessible. Maintenance cost low. Underwriters Laboratory Approved. Eligible for FHA financing.

NOTE: Extraordinary lighting efficiencies are obtained in fluorescent lamps and by tuning the electric discharge to concentrate ultra-violet energy at the precise 2537 Angstrom Unit wavelength most effective in causing the porous film (Hygrade patent 2094693) to generate light, the best results are secured. The means for achieving these results so important to the efficiency of HYGRADE LAMPS, are described in patent numbers 2126787 and 2201817 now controlled in this field by HYGRADE. The high power factor non-stroboscopic circuit used in this unit is described in Hygrade patent No. 2195114.

Fluorescent at its Finest
Hygrade Miralumes
Hygrade Sylvania Corp., Est. 1901. Makers of Hygrade Incandescent Lamps and Sylvania Radio Tubes
Copr. 1940 Hygrade Sylvania Corp.



"HALLOWELL" Shop Furniture of Steel

• "Hallowell" Stools and Chairs—built for lifetimes of economical, work-producing comfort—the logical answer to the seating problems of industry are now being used in thousands of plants. Write for catalog!



Fig. 1334
Pat. Applied For

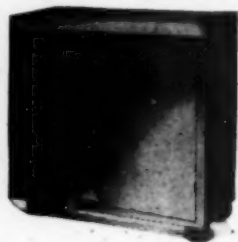
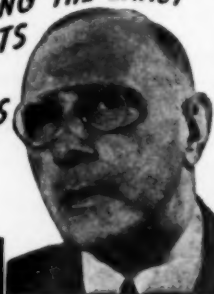
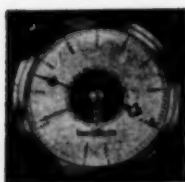


Fig. 1748

• Keep your tools safely under lock and key with this handy "Hallowell" Steel Tool Stand. This stand rolls easily right to the job... saves steps, time and money as well as providing tool protection. Write for details and prices.

STANDARD PRESSED STEEL CO.
Box 598, Jenkintown, Pa.

*AS A BUSINESS MAN, I INSIST
UPON KNOWING THE EXACT
MEASUREMENTS
OF MY
STORED LIQUIDS*



LIQUIDOMETER gauges are ideal for every industry where control of stored liquids is an important factor. LIQUIDOMETER remote reading gauges automatically indicate or record liquid levels. No pumps, valves or auxiliary units required to read them. Balanced hydraulic transmission system ingeniously compensates for temperature changes on communicating tubing. Accuracy unaffected by variations in specific gravity. Approved by Underwriters' Laboratories and other similar groups for measuring hazardous liquids.

Models are available for Remote Signals, automatic control of pumps, etc. Direct Reading models available where Remote Reading gauges are not required.

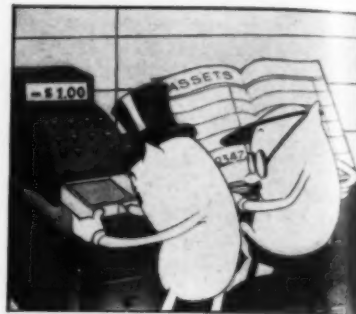
Write for complete details on
LIQUIDOMETER Instruments.

THE LIQUIDOMETER CORP.
38 12 SKILLMAN AVE. LONG ISLAND CITY, N. Y.

Annual Report, via Sound Movie

Last year, General Mills pioneered the idea of taking annual meetings to its stockholders (BW—Mar. 24, p22). This year the company has elaborated the plan still further with meetings scheduled for eight cities.

Board Chairman James F. Bell, originator of the idea, will conduct the meetings, and those who attend will not hear a dull financial report. Instead, they will inspect the company's plants and meet officials via a 25-minute, \$20,000 sound movie enlivened with animated cartoons. "Depreciation" is portrayed as a slovenly, rotund flour sack who required \$1,174,000 of nourishment last year. Uncle Sam collects his \$2,582,000 and the employee sits atop a stack of dollars which represent the \$14,318,000 of wages paid in 1939. Boss Flour Sack and his crew struggle to pile up the \$5,639,274 of net profit, part to go to stockholders.



Each stockholder in the region receives an engraved invitation to the meeting, then is urged to ask questions about company operations.

It is pointed out that if listeners insist upon purchasing the company's products, Wheaties, Kix, and Bisquick, they are, in effect, buying from themselves and are making a profit on the deal.

Syracuse does not carry as high-priced lines as Macy's, New York. Chances are that the Bronx branch—expected to be about twice as large as the Syracuse store—will push more expensive merchandise, aimed definitely at a clientele that can pay a minimum of around \$12.50 per room monthly in rent.

The Parkchester branch—scheduled for completion next spring—may make deliveries, handle Macy's famous "Deposit Accounts," and provide for cash-time payment on heavy purchases. It is almost certain to carry furniture and heavy appliances—Macy's isn't likely to miss out on the chance to furnish 25,000 apartments.

Retailers will watch the progress of Macy's branches with interest. Multiple-unit operations in the department store field so far have been confined pretty much to specialty shops, catering to the upper income group, and variety stores, serving low-income families.

Packaging Fight

**Makers of gelatin dessert
defy FDA, stick to 70% filling
because they don't want to scrap
their machinery.**

The three largest manufacturers of gelatin desserts are thumbing noses in a gentlemanly way at the Food & Drug Administration because FDA refuses to O.K. a smaller type of package they have designed to meet the prohibition of the new food and drug law against slack filling. General Foods Corp. (Jello),

Standard Brands, Inc. (Royal), and Great Atlantic & Pacific Tea Co. (Ann Page) have served notice on FDA that they have reduced the size of their packages as much as they can without installing new packaging machinery and that they believe this is all the law calls upon them to do. The law declares a food product to be misbranded "if its container is so made, formed, or filled as to be misleading."

FDA and gelatin dessert manufacturers have been scrapping for the last year about packages. The trouble is that virtually all American manufacturers use one type of packaging machine. This packs a waxed-paper inner container, said to be impossible to fill to capacity. FDA spokesmen say that prior to enactment of the new law gelatin dessert packages were filled only to 50% of capacity. The new packages designed by manufacturers fill up to 70%, but FDA says this isn't enough. FDA won't say precisely what is enough, but points to an agreement with spice packers whereby FDA approved packages filling to 85%.

A very few smaller manufacturers have put on the market a smaller package, made on another type of machine, which packs to 85%. FDA has shown this to other manufacturers as an illustration of what can be done. All the packages hold the standard 3½ oz. The catch is that the big manufacturers don't want to junk their present machines and install new equipment. FDA takes the position that the law must be complied with, even if new machinery must be installed, but it is willing to wait a reasonable time. This was done with toothpaste manufacturers (BW—Nov. 9'40,

p42). It probably will be done with manufacturers of macaroni, spaghetti, and noodles.

The "big three" recently sent representatives to Washington to tell FDA officials face to face that they aren't going any farther in reducing size. They were told bluntly that FDA doesn't regard their redesigned packages as satisfactory and that they will have to shoulder full responsibility for their decision. Their reply was that they are fully aware of this, the inference being that they will contest any seizures FDA may make and let the courts decide whether 70% filling conforms to the law.

DRUGGISTS VS. GROCERS

While the Food & Drug Administration mulls over the recent hearings on the proposed labeling laws for products making vitamin claims (BW-Oct. 26/40,p48), the fight between pharmacists and grocers over the question of selling vitamins as food products continues. But indications are that the FDA's position has just about pulled the teeth of the druggists' battle to keep vitamins off grocery counters.

In New Jersey a common pleas court has now followed the lead of the Indiana court which ruled that vitamins can be classified as foods. The New Jersey ruling probably was influenced as much by FDA's attitude as by the Indiana decision. Pharmacists haven't much hope of winning the fight in individual states unless they can persuade the administration to come through with a definite ruling classifying vitamin and mineral concentrates in therapeutic doses as drugs.

STOP WATCH ON BLURBS

The code compliance committee of the National Association of Broadcasters is letting advertising men know that from now on the N.A.B. limitations on the length of radio sales talks are in effect, no fooling. The code was adopted in the summer of 1939 (BW-Jul.22'39, p33) but the commercial section didn't become effective until this October. The last month has been a sort of extra grace period, but from now on the length of commercial copy must be held to the following number of minutes and seconds:

	Day	Night
15-minute programs . .	3:15	2:30
30-minute programs . .	4:30	3:00
60-minute programs . .	9:00	6:00

Despite the long period of grace, neither advertisers nor station representatives seem fully to appreciate the limitations. Last week the compliance committee met in Chicago with a group of agency and station men to talk things over. The committee expects to hold a similar missionary meeting in New York shortly.

... when the call comes for MORE POWER • MORE STEAM

MEET THE BUILDING NEED WITH

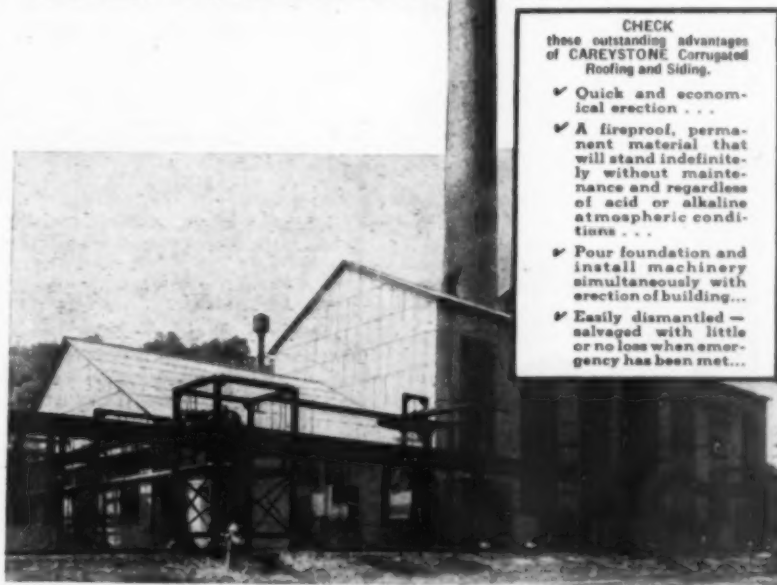
Careystone ASBESTOS CEMENT CORRUGATED ROOFING AND SIDING

● When you need a new or enlarged boiler house—and need it in a hurry—CAREYSTONE Corrugated is the ready, economical answer.

Made entirely of asbestos and Portland Cement, it is permanent—fire-proof—rust-proof—rot-proof. Will stand indefinitely without maintenance and regardless of acid or alkaline atmospheric conditions.

Saves time in construction. Simply erect steel frame—cover sides and top with the large, quickly applied CAREYSTONE sheets.

Extensively used for factories, warehouses—commercial and industrial buildings of all kinds. May be dismantled without damage, stored, shipped, sold or reused in other construction. Write today for full details of this modern, time-proved material. Address Dept. 29.



CHECK these outstanding advantages of CAREYSTONE Corrugated Roofing and Siding.

- ✓ Quick and economical erection . . .
- ✓ A fireproof, permanent material that will stand indefinitely without maintenance and regardless of acid or alkaline atmospheric conditions . . .
- ✓ Pour foundation and install machinery simultaneously with erection of building . . .
- ✓ Easily dismantled—salvaged with little or no loss when emergency has been met . . .

INDUSTRIAL BUILDING PRODUCTS OF ASPHALT—ASBESTOS—MAGNESIA

Roofing . . . Siding . . . Flooring . . . Insulations . . . Roof Coatings and Cements
Waterproofing Materials . . . Expansion Joint . . . Asbestos Paper and Millboard

THE PHILIP CAREY COMPANY • Lockland, Cincinnati, Ohio

Dependable Products Since 1877
BRANCHES IN PRINCIPAL CITIES

**Say
MERRY CHRISTMAS
and HAPPY NEW YEAR
With Autopoint
Business Gifts!**



**Autopoint
BUSINESS GIFTS
CREATE GOOD WILL
Lead to More Sales**

● Imprinted Autopoint gifts stay on recipients' desks year after year to remind them of you and your big sales points. Find out how to do a daily job of selling by "remote control" — Build sales, good will with Autopoint pencils, pencil-and-knife gift sets, memo cases, and many others. Write for catalog and tested methods used by thousands of firms using Autopoint business gifts . . . in free book, "37 Sales Plans."

No. 52GS—Autopoint Pencil. Gold filled trim, inlaid crown on cap and tip. Famous Grip-Tite Tip—lead can't wobble, twist, fall out. Made of BAKELITE molding material. Available for standard or Real Thin Lead.



No. 183—Pen Knife—black handle, medium sized pen knife with fine quality high carbon cutlery steel blades.



No. 157—Daily Date Calendar—smartly streamlined. Pad always level with top, eliminates "empty" appearance. "V-slotted" calendar sheets are easily pulled out—no unsightly stubs. Case made of BAKELITE molding material. Walnut color.

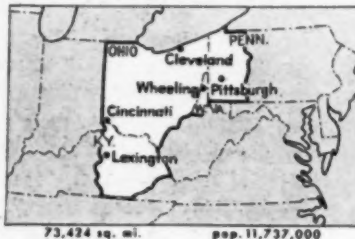
Autopoint
THE BETTER PENCIL
REG. TRADE MARK

AUTOPOINT COMPANY
1802 W. Foster Ave., Chicago, Ill.

The Regional Market Outlook

CLEVELAND—Payrolls in this heavy-goods region continue to mount under the impetus of national-defense demand. Near-capacity steel operations in the Pittsburgh and eastern Ohio areas seem assured for months to come.

Latest of district industries to set new post-1937 marks are the automotive parts and supplies makers in Toledo, Dayton, and this city, and the Akron tire manufacturers. But if—as has been said—new car assemblies are curtailed



RICHMOND—Now that major manufacturing and mining industries in this Reserve district are going full blast, rural areas are tending to lag behind urban sections in sales prospects.

Because of the sharply lower tobacco crop in southern Virginia and the Carolinas, 1940 farm receipts are likely to be off from 1939, despite (1) a larger cotton crop and (2) cash income from AAA benefits, which tobacco farmers did not get last year.

In northern Virginia, West Virginia, and Maryland, however, income may be up slightly—on somewhat better crops and prices. But apple growers in these states are suffering from a small yield and low prices.

In contrast, business is unusually lively in the industrial regions. Heavy buying in cotton-goods markets has built up backlogs, and textile payrolls in Carolina Piedmont towns are likely to hold indefinitely at current high levels. Tobacco,

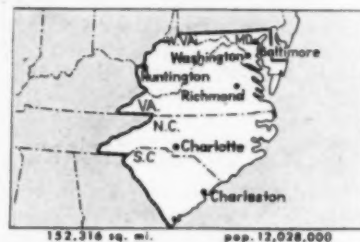
to make room for aircraft production, these auto-supply plants will be faced either with reducing operations, or, as is more likely, shifting into airplane-parts manufacture.

More factory additions are being announced than at any time since 1937, and more than half are directly attributable to armament orders. The pressure for more capacity has taken another direction in the mobilization through the Federal Reserve banks of the unused facilities of small concerns in the metal-fabricating field, now that larger companies are completely booked.

In the midst of this defense boom, companies are not losing sight of everyday needs. Laboratories are being built here by American Steel & Wire and by Chase Brass & Copper for research on "peace time" products—for manufacturing, presumably, after the national armament demand peters out and plant capacity is free.

paper and pulp, lumber, furniture, rayon, and other lines are busy.

In the heavy industries in the north—shipbuilding at Hampton Roads and Baltimore, steel at Sparrows Point, and coal in West Virginia—employment is still expanding. The Norfolk and Western Railway is spending almost \$5,000,000 on its Roanoke, Va. freight yard, and a huge (\$35,000,000 to \$50,000,000) government nitrogen plant has been proposed for Morgantown, W. Va.



TWIN CITIES—National defense has helped this district indirectly, and income is still running high, though not quite so high as in the spring.

Defense is raising payrolls nationally, and therefore increasing the demand for finished livestock. Since the spring, prices are up some 25%, and profit margins of steer-feeding operators have more than doubled—partly because cost levels have held fairly steady. Most of the upturn in price has been translated into spendable income. And not only has

this applied to stock raisers, but also to dairymen. And so, for the year to date, farm receipts have been up 20% over a year ago.

Department-store sales in the past two months, however, belie the income gain. An extended Indian summer retarded demand for fall and winter merchandise, but this week's sharp cold snap sent people to the stores for overcoats and other woolen wear. Urban stores are doing better and at last are holding their own in comparison with rural merchants. (BW—Sep. 14 '40, p. 14).

As the Great Lakes shipping season approaches its close, the Mesabi iron range bids fair to break its 1929 all-time high of 65 million tons. And payrolls will be supported in the winter by higher-than-usual maintenance work and possibly by some mining operations for inventory. Near Butte, Montana, a new manganese development is being rushed. Minnesota industrial employment is still rising.



Is U.S. a Person?

Suit by government for triple damages, rejected by lower court, will be reviewed by Supreme Court.

When the United States government tried to collect triple damages (available under the Sherman Act to any individual injured by a conspiracy in restraint of trade) from 18 tire manufacturers in its own behalf, the U. S. District Court for the Southern District of New York threw the case out on the ground that the government was not a "person" within the meaning of the act (BW-Mar.9'40,p36). Now the government has been granted Supreme Court review. This reopens for judicial definition the question of the government's status as a buyer from manufacturers.

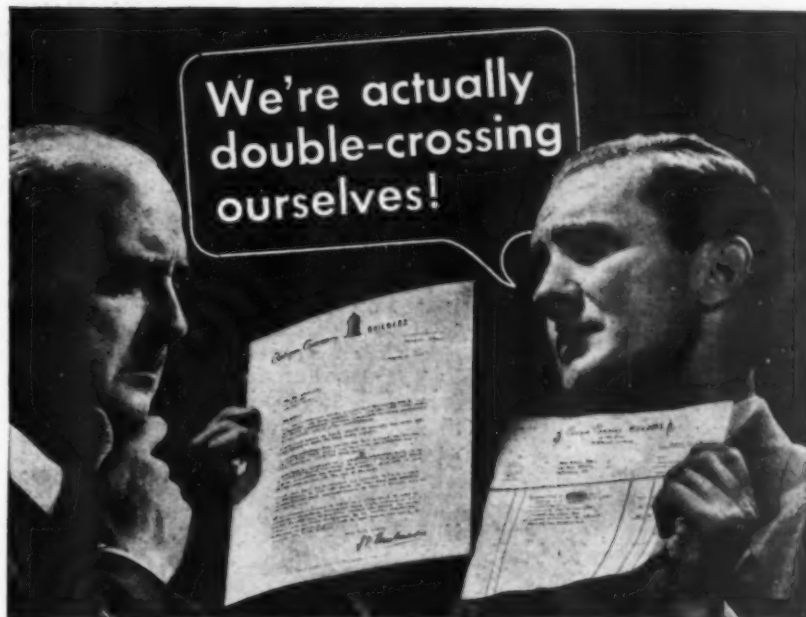
History of the case goes back to the NRA, when tire manufacturers adopted minimum price codes. NRA laid a post-humous egg when the government—annoyed by the identical bids consistently submitted on 100 different tire sizes since 1934—turned to Sears, Roebuck in 1937. Result: Manufacturers responded with lower—and varying—quotations the next time bidding was thrown open. This was the government's clew to bring suit for triple damages in its own behalf for the first time in the history of the act's enforcement. The government claimed damages of \$351,158, and asked judgment for three times that amount.

Manufacturers must now fall back on their original ace argument—that the prices to which the U. S. objected were strictly in line with code minimums established under the NRA.

MORE MILK IN PAPER

Paper milk containers, legalized in Chicago only a month ago (BW-Nov. 2'40,p32), are now being used for more than a fourth of the 700,000 to 800,000 quarts of milk sold each day in Chicago retail stores, according to estimates of dairy executives. They expect that half of the city's milk distribution will be in paper containers when all dairies have been equipped with the necessary machinery.

First sign of union trouble with paper came last week when the Milk Wagon Drivers' Union notified Borden-Wieland dairy that a strike will be called unless it stops cartoning milk for Meadowmoor Dairies, which has not yet installed its own machinery. Ostensibly, the union's complaint is that Meadowmoor employs non-union labor. Unions generally have been unfriendly to the paper milk container, for its principal claim to economy lies in reduced handling costs.



"IT DOESN'T MAKE SENSE. We build prestige with a good letterhead . . . then tear it down with a cheap invoice. We both realize that our letterhead is an important representative of our firm. Why shouldn't we be just as careful about our outgoing forms? They represent us, too. But look at this invoice. Compared with our letterhead, it's just a poor relation."



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"Well, Jack, I don't see how we can afford letterhead paper for our forms. But let's talk to our printer."



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*25 letterheads or forms on economical Hammermill Bond cost only 1¢ more than on cheap, unknown paper.

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BW-11-16

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Growth in manufacturing

A manufacturer builds up his business until orders are coming in faster than he can fill them. He brings his problem to the Bank of the Manhattan Company. A loan is arranged to increase plant facilities or buy more raw materials.

Growth in retailing

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FINANCE

Billion for Defense

Banks, commercial and investment, are providing new capital for industry, but the volume trails expectations.

Where is industry going to raise the money to finance its national defense effort? Under more normal circumstances, corporations would offer securities to the public in order to get funds for plant expansion and a part of the necessary working capital. And they would go to the banks to get additional working capital as it was needed.

This time, however, it is different. Some of the initial pickup in activity was paid for in foreign gold, as in the cases where England put the money on the line for added aircraft capacity. Gradually making itself felt is the fund of \$700,000,000 earmarked by the United States Treasury for ordnance plants (BW—Oct. 19'40, p. 32). Also in the picture, in competition with private lenders, will be the Reconstruction Finance Corp. to whatever extent it is needed.

• **First Billion**—Nevertheless, figures on the amount of private capital which has been advanced so far this year are of more than passing interest. From compilations which will be raised by late returns, it appears that corporations in the first 10 months of 1940 obtained

just about a billion dollars through private channels.

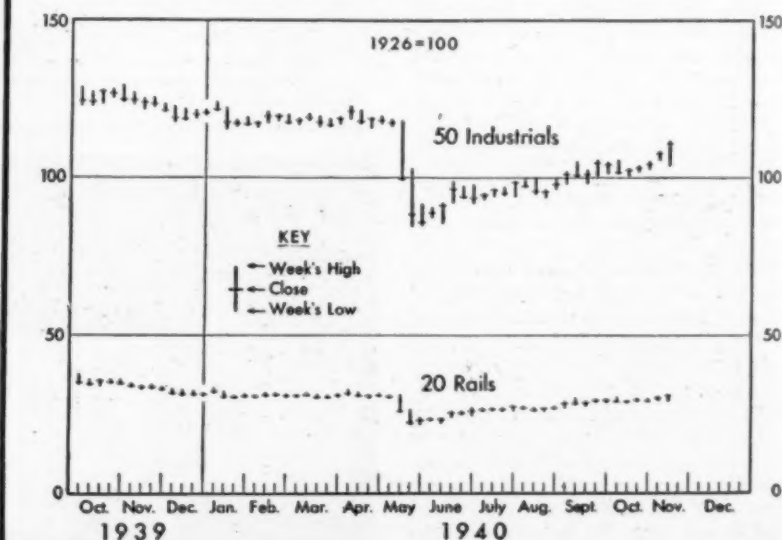
Of this total, the banks supplied almost exactly half. Those members of the Federal Reserve system which report weekly have boosted their commercial and agricultural loan total from the 1940 low of \$4,295,000,000 on Jan. 31 to \$4,773,000,000 on Oct. 30.

This, of course, is by no means the complete story of the part the commercial banks will play in national defense. In the first place, a corporation doesn't have to go to the bank for working capital when new orders are simply in the placement stage. It waits until it gets the contract and has to purchase raw materials to fill the order.

• **New High Near**—Moreover, when a federal order actually is placed, the company will have a contract which is bankable. How much the banks will be called upon to lend is, of course, conjectural. They will, however, very shortly have more money employed in commercial and industrial loans than at any time in many years, because their present loan total is within striking distance of the 1937 peak, which was \$4,871,000,000 (on Oct. 13).

Through sale of securities, corporations raised a little more than \$492,000,000 in the first 10 months of the year, according to compilations by the Commercial & Financial Chronicle. Much of this new money was obtained by public offering of securities, and some of it came from "private placements"—sale of issues to a few large insurance

COMMON STOCKS—A WEEKLY RECORD



companies or other institutional investors without the formality of public offering or registration with the Securities and Exchange Commission.

• **Volume Disappointing**—There is no denying that commercial banks are disappointed that they have been able to increase their loans by a scant half billion dollars so far this year. This applies equally well to the investment bankers and the half billion they have provided, because they supplied industry with \$790,000,000 of new money in the first 10 months of a year as slow even as 1938.

Impeding the sale of corporate securities for new money are a variety of factors. For one thing, industry has

waited for settlement of matters such as amortization of defense plants and of taxation. They have stood by to see what strings would be attached to government loans and advances. They have been deterred, more or less unconsciously, by fears of a British defeat. But, above all, they have felt that they should finance a good part of the defense effort through sale of common stock; yet they have been reticent to do so with share prices maintaining their low relationship to recent handsome earnings.

• **More Refunding**—Even though offerings to raise new money have been light, investment bankers have the consolation that there has been a good pickup in

THE MARKETS

Taxes, Profits, and Prices

Inequities under the excess-profits tax come to light almost every day just as nearly everyone had predicted. This, it will be recalled, was the tax devised to skim off unusual profits growing out of the defense effort in order to prevent profiteering on preparedness. And how is this tax working?

Well, you're familiar with the way it bites the aircraft manufacturers. These companies are just emerging from the painful growth period during which they built a record of losses rather than profits. As a result they have little or nothing in the way of average earnings in the base years as an offset for the excess-profits taxes.

You're also familiar with the case of the steel companies which are just about as conspicuous war babies as the aircraft manufacturers. But the steel industry is old, and it has accumulated a broad capital base. Consequently, computing profits on the 8%-of-capital basis, most of the steel companies don't have to worry about excess-profits taxation on 1940's largely increased earnings, and some concerns can enjoy a good deal more earnings growth before the new levies begin to take a toll.

And now for a company which is just about as far removed from the realm of potential profiteering as anything imaginable. Just take a look at the earnings statement of Columbia Broadcasting System for the 34 weeks ended approximately Sept. 30. Gross was up almost exactly \$6,000,000 over the comparable 1939 period. Net before federal taxes was \$5,046,949, compared with \$4,113,700 a year earlier.

Then comes Uncle Sam's slice. Normal income taxes for 1940 presumably required about \$1,200,000 (this reflects both the rise in the company's earnings and the increased tax rate) against \$791,354 for the 1939 period. In addition, the excess-profits tax had

to be computed, and it raised the federal tax bill paid by CBS to \$1,753,172 for the first nine months of 1940. Net after taxes came to \$3,293,777, against \$3,322,346 in the 1939 period.

Fenner & Beane, in the firm's fortnightly letter dated Oct. 14, pointed out the striking case of the large gain in earnings which Jones & Laughlin Steel would be able to make before bumping into excess-profits taxes and how, in contrast, Pepsi-Cola would suffer.

Currently, Fenner & Beane has carried its analysis much farther than it had undertaken to do on Oct. 14. The firm is careful to point out that such calculations are subject to a wide margin of error in the case of individual companies. Yet the study is broad enough to cast much light on effects of the Second Revenue Act of 1940.

This survey goes a long way toward showing why the investor must study carefully the tax position of any stock he proposes to buy. Only the broadest generalities can be justified by the figures. It is fair to say that aircraft manufacturers are heavy sufferers while old-line industrials are in a relatively favorable position. But these calculations also show that there are very striking exceptions to the general rule among industrial companies, and that purchase of just any automobile or chemical or steel share could prove a very great disappointment indeed.

Security Price Averages

	This Week	Last Week	Month Ago	Year Ago
Stocks				
50 Industrials . . .	110.7	107.7	102.6	123.8
20 Rails	31.1	30.1	29.1	33.7
20 Utilities	58.9	62.5	59.5	69.3
Bonds				
20 Industrials	90.5	89.8	88.9	87.0
20 Rails	61.7	60.8	60.8	60.2
20 Utilities	100.6	100.4	100.5	101.9
U. S. Governments .	110.8	109.2	108.9	104.8

Data: Standard Statistics except for government bonds which are from the Federal Reserve Bank of New York.

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YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION

DIVIDEND ON COMMON STOCK

The directors of Chrysler Corporation have declared a dividend of one dollar and seventy-five cents (\$1.75) per share on the outstanding common stock, payable December 12, 1940, to stockholders of record at the close of business, November 12, 1940.

B. E. HUTCHINSON

Chairman, Finance Committee

Atlas Corporation

Dividend No. 17
on 6% Preferred Stock

NOTICE IS HEREBY GIVEN that a dividend of 75¢ per share for the quarter ending November 30, 1940, has been declared on the 6% Preferred Stock of Atlas Corporation, payable December 2, 1940 to holders of such stock of record at the close of business November 23, 1940.

WALTER A. PETERSON, Treasurer
November 12, 1940.

Coordination

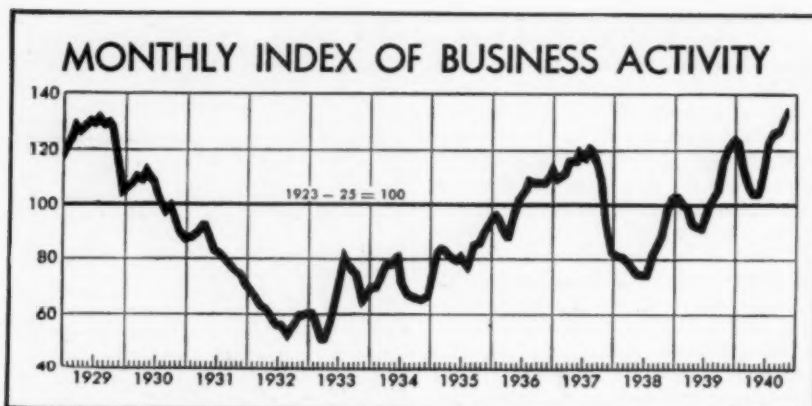
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The Prudential
Insurance Company of America
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AT ALL-TIME HIGH

The Business Week Monthly Index of Business Activity reached a new high in October at 135.4, up 3.7 points from September. A year ago the index stood at 121.3. The previous peak was 133.5 in July, 1929.

As readers know, Business Week has absorbed the Annalist, formerly published by the New York Times Co. And henceforth Business Week will continue to maintain the Annalist Monthly Index of Business Activity. For the month of September (latest month) this index reached a post-depression high of 111.9. This compared with 106.6 in August and

100.7 in September, 1939. All-time high in the Annalist index was 117.2 in June, 1929. Principal reason why the Annalist index has not surpassed its 1929 peak is that it is adjusted for long-term growth. That is, a statistically-computed normal increase in business is assumed to occur each year; if business fails to achieve that growth, the index declines. Components of the Annalist index: Miscellaneous carloadings; "all other" carloadings; electric power; steel operations; pig-iron output; cotton consumption; wool consumption; silk consumption; rayon activity; auto output; shoe production; lumber cut; cement production; zinc production; refined lead production.

corporate refunding and that a lot of this business seems likely to be forthcoming over the months immediately ahead. Despite the lag in new money issues, October produced \$400,000,000 of new and refunding business, the largest since the middle of 1937.

This wave of refunding is, in some measure, a bit of a surprise. Many of the bonds now being called for redemption and replaced with lower-coupon issues have been sold since 1935 and a few as recently as 1938. They were, in themselves, refunding operations undertaken to get the advantage of declining interest rates. But interest rates have declined without major interruption over the last few years. Many bonds which could be sold advantageously at 3½% two or three years ago can be replaced at coupons as low as 3% and even 2½%.

More or less typical is the current Boston Edison issue of \$53,000,000. It is to redeem a like amount of 3½% bonds sold in 1935, and the company has asked for competitive bids at an interest rate of not to exceed 3%. Other refunding offerings due this month include \$7,500,000 for Revere Copper & Brass; \$1,750,000 for L. C. Smith & Corona Typewriters, and \$6,000,000 of preferred stock for McCrory Stores.

COMMODITIES

How about Hides?

Some traders predicting real upturn by year-end, but conservatives say war needs have been anticipated.

Those hide traders in the know are predicting 15¢ hide futures prices before the year-end. If attained, the price level would be highest since the spurt which followed commencement of hostilities east of the Atlantic.

A short-lived, precipitous dip in quotations which followed the election last week veered around to an equally steep appreciation of 9% in the two hours after Secretary Morgenthau announced plans to ask an increase in the national debt limit to around \$65,000,000,000. Hides, ever volatile, interpreted this as an inflationary step and traders rushed to cover short positions, hedge, and acquire long contracts.

Rising factory payrolls, foreign buy-

ing, and military orders are the factors which encourage the hide trade to expect larger use of leather and bigger sales of shoes. Yet a few conservatives insist these have all been anticipated, perhaps over-optimistically. For example, the much-discussed 4,000,000 pairs of shoes contracted for by the Army amount to only about 1% of indicated 1940 production.

• **Times Change**—The adage that a war can't be fought without an increase in the price of leather may not be so true nowadays because motorized equipment has replaced old harnessed teams, and soldiers who ride to the combat in airplanes, trucks, and tanks don't use as much shoe leather as infantry on the march. On the other hand, modern war has its new demands—high-grade calf will be used for the lining of all Army helmets, for example.

Finished leather stocks in September declined below the level of 4,000,000 equivalent hides for the first time since figures have been compiled, according to the Commodity Exchange. Raw hide stocks and hides in process of tanning, however, have increased correspondingly to insure against a shortage.

Shoe production in each of the first nine months of this year has been less than during the corresponding 1939 month (October may have closed the gap). Yet leather consumption recently has been at a relatively high rate. A shoe is a shoe, so far as production statistics are concerned. But it takes lots more leather to build a soldier's brogan than to tack together a pair of women's shoes—without toes, without heels, and almost without soles. The trend toward plastics, now used for trimming, may result in further decline in use of leather for manufacture of women's footwear.

• **Looking Ahead**—The inflationary pull of Secretary Morgenthau's debt statement was followed by a tendency to narrow the abnormal premium of nearby over more distant futures' prices. After a short-lived flurry, traders reconsidered and prices settled back in their pre-election groove.

Normally, distant deliveries command a premium of about 10 points for each month over the spot month, to cover warehouse and carrying charges. After war began last year, traders became increasingly cautious in making long commitments. After hurried buying for immediate and expected needs, they decided that heavy supplies of hides in South America, cut off from European customers, might flood this market and depress prices. Instead of being willing to pay more for distant futures, traders looked scornfully at all except those with nearby delivery dates.

• **Spread Too Narrow?**—The market closed on Nov. 7, for instance, with December, 1940, futures selling at 43

points more than the September, 1941, contract—rather than at the more normal spread of 90 points in the opposite direction. During the first two hours of trading on the following day, near deliveries lost 12 points each, while the September, 1941, future's price gained 11 points, thereby narrowing the spread to 20 points. By the end of the day, however, traders decided that perhaps they'd better give the matter more consideration—so prices closed exactly as on the previous day. The trade continues to expect a gradual narrowing of the spread.

Hide imports from Argentina for the first nine months of 1940 were higher than during any similar period for many years, in spite of a 10% duty. Yet there has been no huge dumping of South American hides on this market such as was feared after Argentina lost its largest pre-war customer, Germany. Instead, exports to England have increased so rapidly that the British Empire now uses almost half the total Argentine shipments, 20% more than the United States. Russia and Japan also have stepped up their purchases in Argentina.

STOCKS OF TIRES RISE

With pretty nearly everybody worrying about building a stockpile of crude rubber, there probably has been too little attention paid to how many finished tires this country has on hand. The fact is that manufacturers have held their stocks at just about what would be called normal figures, but that dealers have been inclined to keep on hand substantially higher than average supplies ever since the war broke out in Europe.

At the end of September, 1939, dealers held an estimated 6,859,000 tires, some 450,000 more than a year earlier. By the end of the year (and the fourth quarter is not normally a period of dealer accumulation) stocks had risen to 7,010,000 and by June 30, 1940, they totaled 8,048,000. In the third quarter of this year, dealers' stocks of tires were drawn down nearly 800,000 but manufacturers, in the same period, added about 1,000,000 to their inventory.

THAT COPPER PRICE

Washington's determination to restrain the price of copper seems to be taking positive form. Earlier there had been a veiled threat to bring in foreign metal to supply some of the government's military needs, presumably on a duty-free basis. Now comes the semi-official word from the government of Chile that the United States has agreed to take some Chilean copper (largely owned by companies in this country). Amounts bought probably will depend upon supplies and price in the United States.

BUSINESS ABROAD

A New Dominion?

Constitutional overhauling to give Ottawa sole income-tax power, and to centralize other controls, expected in 1941.

OTTAWA—Canadians are preparing for one of the most important conferences to be held in the Dominion since the British North American colonies were confederated in 1867.

Early in January representatives of all of the provinces will gather in Ottawa. At this meeting the federal government is going to ask them to give up some of their most cherished financial rights—including, for example, the power to tax personal and corporation income. In return, Ottawa is offering to assume full responsibility for the outstanding debt of the individual provinces and for relief to the unemployed and to distressed agricultural areas.

• **War Speeds Changes**—Two years ago the proposals made now would have had little chance of being accepted because the provinces—particularly those in the east—then jealously guarded all of the rights granted to them under their con-

stitution—the British North America Act. Now, pressed by the wartime need for the greatest possible production and by the urgency of large-scale war financing, the government's main proposals for reshuffling and rationalizing responsibilities are likely to be accepted and put into effect by the middle of next year.

The proposed new charter which will be offered to the provinces was really written by the Rowell-Sirois Commission, which was appointed by the government several years ago and spent two years studying the constitutional and financial relations of the Dominion and the individual provinces. Here are a few of the most important provisions:

• **Proposed Changes**—(1) The Dominion will take over the debts of the provinces—which amount to nearly \$2,000,000,000—with the responsibility for annual interest payments amounting to about \$65,000,000.

(2) The Dominion will assume responsibility for relief to the employable unemployed. With unemployment cut by the armament boom, costs are now down to about \$25,000,000 a year. Since the depression, relief has been handled as a joint provincial-Dominion responsibility, but Ottawa has always had to provide most of the money.

(3) In return for relief from these onerous financial obligations, the provinces will relinquish their right to collect income, corporation, and inheritance taxes. Annual revenue from these taxes amounts now to about \$70,000,000.

(4) The provinces will relinquish cash subsidies paid them regularly by the Dominion government, but a permanent commission will be set up to make periodical surveys of government services throughout the country and see that the provinces maintain minimum standards laid down by Ottawa.

(5) A planning commission is proposed which will control all transportation. (If the recommendations of the Rowell-Sirois Commission are followed, taxes on trucks will be boosted.)

(6) It will be recommended that the constitution be amended to enable the federal government to establish countrywide unemployment insurance.

• **Ottawa Will Benefit**—When the Rowell-Sirois report was being written it was estimated that the changes proposed would mean a net transfer of \$40,000,000 of annual financial responsibility to the Dominion. But the war has changed the picture by reducing unemployment relief costs and revising the base of the income tax, so that some experts believe that the Dominion may now actually come out ahead.

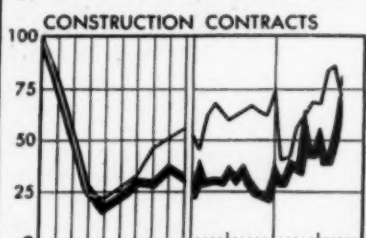
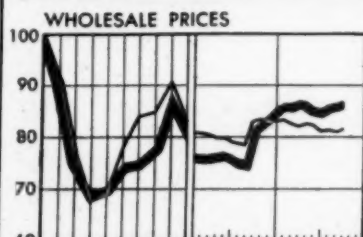
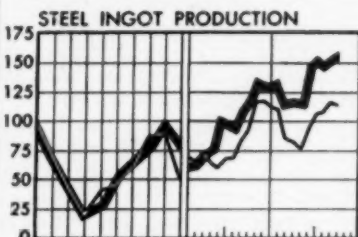


Senator Walter F. George may be regarded as a brake on Administration foreign policy if he succeeds—as seems likely—to the chairmanship of the Senate Foreign Relations Committee, left vacant by the death of Key Pittman last week. Certainly no isolationist—but avowedly a “non-interventionist”—the Senator has opposed what he calls “control of foreign policy” by the Administration rather than by the Senate.

TREND OF BUSINESS CANADA AND U. S.

1929=100

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© BUSINESS WEEK

Canadian Peak

Industrial production is at new high, business generally is booming, and dividend payments are well ahead of 1939.

OTTAWA—Canadian industrial production has reached a new peak, steel output is running more than 50% ahead of last year, the building of vast new war plants has boosted the construction business more than 65%, newsprint exports are soaring, and railway revenue has nearly doubled this year. With these evidences of a business boom in the Dominion, it is not surprising that Canadian dividend payments this year are well ahead of 1939.

For the first 11 months of this year, according to estimates just released by The Financial Post, Toronto, Dominion dividend disbursements will amount to \$240,268,843, compared with \$228,554,281 a year ago. This year's returns dropped behind 1939 only in February and June, but even if December produces a windfall of heavy dividend payments, it is not expected by investors to bring the total for the year to the record levels of 1938 and 1937, chiefly because of the changed dividend policy of the Imperial Oil group of companies, which are the largest dividend payers in Canada.

Here is the month-by-month dividend record for the Dominion:

	1940	1939
January	\$22,938,309	\$20,670,579
February	6,779,319	7,002,808
March	28,740,412	26,233,492
April	23,487,730	20,895,644
May	7,927,144	6,892,927
June	58,508,850	64,924,477
July	27,657,919	23,543,271
August	6,920,483	6,516,263
September	25,783,812	24,298,569
October	23,942,735	21,019,377
November (est.) ...	7,564,130	6,556,874
Total	\$240,268,843	\$228,554,281

Coffee Quotas Set

Agreement binding on 14 nations paves way for export allotments on other products. Precedent important to U. S.

The third Pan-American Coffee Conference, in session in Washington since last June, has completed an agreement establishing export quotas covering shipments to the United States market, which generally absorbs more than 50% of world coffee production. The agreement, binding on the 14 Central and South American nations participating in the conference, contemplates total ex-

PURCHASERS MOVE

The British Purchasing Commission, one of the biggest buying agencies in this country, has outgrown its quarters at 15 Broad Street, New York, and has taken an entire 25-story building around the corner at 43 Exchange Place, which it will occupy after Dec. 1.

Since the British agents and their staffs first established offices at 15 Broad Street, which at that time were shared with the French commission and operated under the joint title of the Anglo-French Purchasing Commission, personnel has grown to 3,000. The British placed orders valued at \$780,000,000 during the first war year, and are placing them now in even greater volume.

ports to the United States of 15,545,000 bags of 60 kilos (132 lbs.) to be allocated among the producing nations on the basis of past production and exports. The quotas, along with comparable figures for 1938 and the depression year of 1932, are as follows:

In thousands of bags of 132 lbs. (000 omitted)

	Proposed Quotas for 1940-41	1938	1932
Brazil	9,300	9,091	6,993
Colombia	3,150	3,431	2,707
Salvador	600	539	85
Guatemala	535	453	206
Mexico	475	378	160
Venezuela	420	181	351
Haiti	275	137	1
Costa Rico	200	104	57
Nicaragua	195	117	6
Ecuador	150	68	21
Dominican Republic	120	45	20
Cuba	80	57	64
Peru	25	4	—
Honduras	20	8	—

• **Price Fixing Not Contemplated**—Though the quota plan is expected to stabilize prices at a somewhat higher level than has prevailed for some months, comparison with import figures for the year ending June 30, 1940, shows the proposed figure to be in line with pre-quota consumption, with no attempt being made to create an artificial price structure by restricting exports. Consumption for the year ending June 30, 1940, reached 15,481,778 bags; the proposed quota merely takes into account an anticipated increase in demand.

Loss of the European market, which absorbed 9,186,162 bags from Latin America during the 1938-39 coffee season, made some sort of agreement among the producing nations a necessity if ruinous competition for the remaining American market was to be avoided. Final acceptance of the agreement by Peru (which delayed ratification until given a 25,000-bag share) has paved the

way for the completion of quota agreements which would cover other commodities.

• **Cotton and Cacao**—The Inter-American Financial and Economic Advisory Committee, created to cope with the dislocations of export trade caused by the war, has appointed two subcommittees which will take up separately the problems of cotton and cacao to see what can be accomplished for the regularization and stabilization of export trade in these commodities.

The United States did not participate as a signatory of the coffee agreement, because it produces no domestic coffee, but was represented in the deliberations by invitation of the participants. The same setup will prevail when quotas for cacao are set, but agreements on export allotments for cotton, meats, hides, and other agricultural products—expected soon—will require the active participation of the United States.

Fruit from Brazil

Department store gets first pineapple cargo from that country. Other new items provided by Latin nations.

Last week's arrival of the first shipment of Brazilian pineapples was another reminder of the gradual progress in increasing trade between North and South America. Consigned to a large department store which is sponsoring weekly "South American Nights," with special Latin American menus, music, and travel films, the pineapples show definite marketing possibilities. Brazilian pineapples come into season about the time the Hawaiian variety goes out, have a distinctive flavor, and are even larger than the Puerto Rican pineapples usually seen in the United States in winter.

Also on the way up, and aimed at the market forcibly vacated by Poland, is a large consignment of hams from Uruguay, said to be comparable in quality to the famous Polish product. Since seasons are reversed below the equator, South America offers a potential addition to our supplies of fresh fruit during the winter months. Other products which are entering into the fancy food market include pears, grapes, and triple-concentrated tomato paste from Argentina, "Brazilian golden" bananas, and extra-large fancy apples from Chile. The Chilean apples were introduced last winter with considerable success. No one item will make any really significant difference in South America's unfavorable exchange picture, but when they are taken all together, such shipments indicate increasing cooperation.

First— come Forgings — for Defense

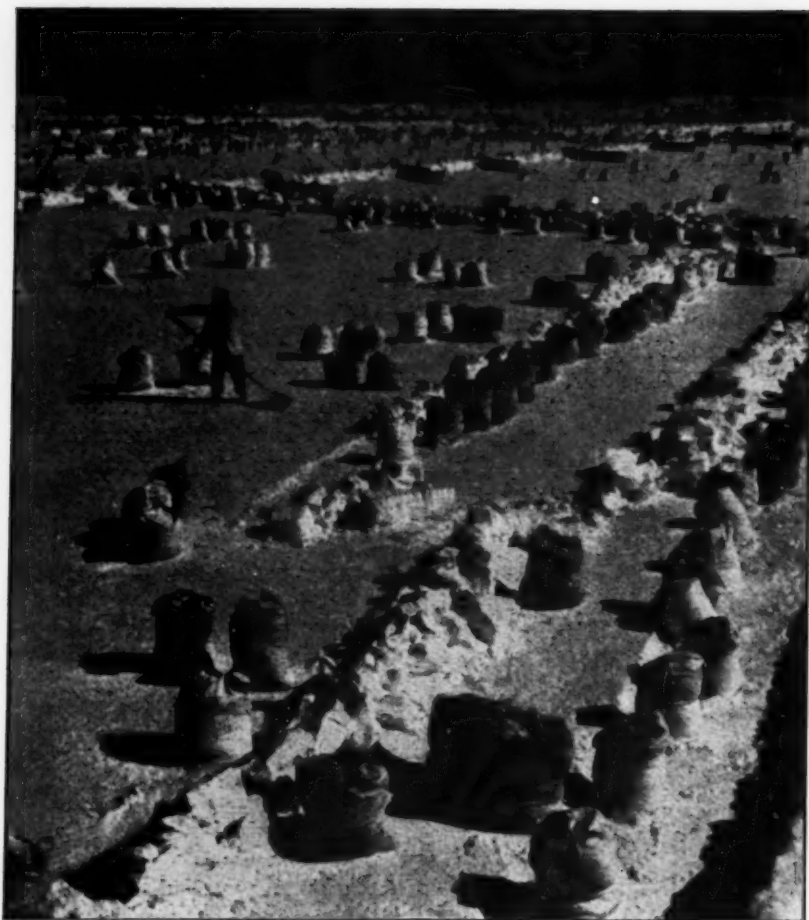
TO the peaceful activities of industrial production, the Chambersburg Hammers of America's great forge shops are now adding the tremendous burdens of defense preparation. For first in the production of the vital parts of battleships, cruisers, torpedo boats, submarines, airplanes, tanks, combat cars, artillery and all the other essentials of modern mechanized warfare, come the forgings—combining utmost strength, with relatively low weight. The same skill and experience that made Chambersburg's contribution to peacetime mechanization so valuable is now being devoted with increased intensity to defense.

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NEW SOVIET INDUSTRY

Sea water, rushing through a narrow strait into the gulf of Kara-Bogaz-Gol, on the eastern shore of the Caspian Sea, has brought a new industry to the Soviet Republic of Turkmenia. The water evaporates rapidly in the shallow gulf, forming a concentrated

solution of various salts. Deposits which pile up on shore during storms are now being treated in a chemical plant which has been constructed in recent months on the banks of the gulf, where the boom-town of Kara-Bogaz-Gol has sprung up. Still another ancient industry in the Soviet Union has been mechanized.

Duties Clarified

Treasury will levy on imports from Britain according to "foreign value," which will include English sales tax.

The Treasury Department has finally clarified its stand regarding duties to be paid on British merchandise entering the United States, ending confusion that has prevailed since the latest British wartime sales tax went into effect on Oct. 21. Under the Treasury ruling, imports from Britain are to be assessed at their "foreign value"—the price at which the goods are offered for sale in wholesale quantities during the usual

course of trade in the country of origin.

Under the customs law of the United States, the primary basis of appraisal is either the "foreign" or the "export" value of the goods, whichever is higher. "Export" value is the price at which the merchandise is offered for export to the United States.

• **British Exemption Involved**—Under the British law, goods going into export are exempted from the tax, the rate of which varies from 16½% to 33½%, depending on the kind of merchandise. Hence the difference between "foreign" and "export" value varies by at least the amount of the tax, since the rate is added to the selling price of the goods to consumers in Britain.

Depending on which value is used as a basis for customs charges in the United States, the price of the goods

in the hands of the consumer in America will vary accordingly. The Treasury ruling declares for the higher rate, with correspondingly increased customs revenues, but with the possibility of decreased purchases of British goods.

• **Tax Part of Export Drive**—Behind the British sales-tax scheme, which was debated at length in Parliament, was the two-fold purpose of increasing exports and at the same time decreasing domestic consumption of luxury and semi-luxury goods. As far as the United States is concerned, the Treasury ruling may make the tax operate as a boomerang. One certain result will be increased prices for British merchandise in the American market.

Loan Requested

Argentine mission here to seek Export-Import Bank aid in recovery program to combat wartime trade loss.

A three-man commission has just arrived in Washington from Argentina to discuss the possibility of obtaining a \$100,000,000 loan from the United States. The projected loan is being sought through the Export-Import Bank in connection with the Argentine government's plan to rush through a vast financial and economic recovery plan to save the country from the serious crisis brought on by loss of European markets due to the war.

An indication of the seriousness of the war's effect on the Argentine exports is obtainable from a breakdown of export market losses directly traceable to the war. Of all export markets of the Argentine, using the years from 1936 through 1938 as a base, 41% have been closed or have become inaccessible. Corn exports are off 44%, wheat 38%, linseed products 60%, meat and meat products 10%, wool 49%, and hides 57%. Publication of the plan revealed at the same time the extent of the crisis caused by these export losses.

Consummation of the proposed loan is an integral part of the so-called "Pinedo plan"—Argentina's version of the New Deal—which is now on its way toward ratification by the Argentine Congress. Scope of the plan embraces: (1) government purchase of exportable agricultural surpluses; (2) the expenditure of from \$35,000,000 to \$50,000,000 for low-cost housing projects; (3) new trade agreements with surrounding countries to increase commerce within the limits of the continent; (4) stimulation of industrial production to compensate for the loss of farm revenue; and (5) mobilization of financial resources and bank deposits to finance the recovery program.

PROFIT & LOSS

We Told You So

In our Nov. 2 issue we told about a lawyer who takes a flyer in the stock market a day or two before every national election—and sells out every time a day or two after. The moral of the story was that the lawyer always made money that way. In 1936, as a matter of fact, it was \$7,000—not hay. In our Nov. 2 issue, therefore, we had a handy little table worked up to show that anybody could have made money in the market under this system, in every national election from 1900 to date—with the exception of 1920 to prove the rule. In every case, the Dow Jones Industrial Averages were higher a day or so after election than they were the day before. This tempting information was passed on to our readers, as we were saying, gratis—and in plenty of time for this year's election. We hope the readers found it useful. Ourselves, we were too busy maintaining the role of impartial observer to use it. But these are the facts. The day before this election closing prices on the stock market were at 135.21—a seven-month high. The day after election they slipped to 131.98. The second day after they hit 137.75. The third day after they were at 136.64. The fourth day after they reached 138.12. The fifth day after was Sunday, but we were in bed with an ice pack by then anyway.

Be Prepared

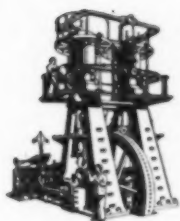
In the interests of a more peaceful Thanksgiving Day, Lewis & Conger, New York City housewares store, gave a demonstration this week on "How to Carve a Turkey."

Spark

Bank Night and Screeno have seen their best days now (Ho-o-sannah), but motion picture theater operators are still casting around for new attractions to replace them. One of these attractions is described in a publication called Inspiration, issued by the Filmack Trailer Co. of Chicago, manufacturers of those coming attractions notices and special announcements that your local movie house always throws in between features.

This new audience-lure is known as "Sparkin' Night." A theater operator in Fayette, Mo., is using it to fill his house on Monday nights, which are traditionally tough in the entertainment business. We quote from the Fayette, Mo., theater operator's own trailer—which tells about as simply as possible what "Sparkin' Night" amounts to.

"Adult couples dressed in overalls



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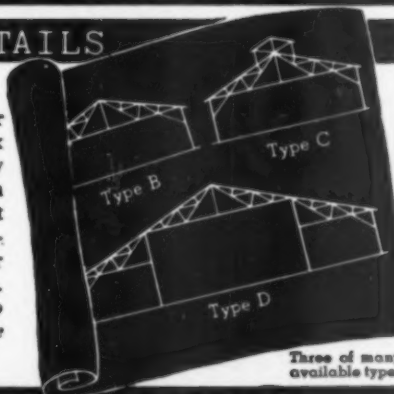
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and gingham will be admitted on ONE 33¢ adult ticket.

"All theater lights will be turned off at 9 o'clock for three minutes.

"If you don't know what to do, CALL 'THE MANAGER!'" That's all.

Haw!

Incidentally, it was also in Inspiration that we came across the slogan some theater operator thought he might use in a trailer describing the new seats he had just installed in his movie house—"OUR SEATS ARE TOPS FOR YOUR BOTTOM."

Improved Model

A product we never expect to have much use for is a set of the new "bundling gloves," which have recently been put on the market. The set consists of three gloves. She gets to wear one of them on one hand, and He gets to wear one on one hand, but they both share the third one. It has separate entrances for each of their other hands. It's designed for people who want to hold hands at football games—which makes it a pretty specialized product. Of course, you can get extra wear out of your gloves by taking them along when you put on your overalls and gingham and light out for the local Bijou on Sparkin' Night.

Improved Model II

When those spectacles with the frames that tilted up at the corners, known as Harlequin glasses, were first introduced several years ago, it was apparent that they were designed to make girls with glasses attract passes. They must have done all right too, because they're moving into the upper brackets now. Now there's a Harlequin lorgnette on the market.

Canapé

A successful canner we know of does a good deal of entertaining at his home, and invariably serves samples of a number of his products as canapés at cocktail time. The products are all tastefully arranged on a large table, like smorgasbord, and guests have a field day browsing around sampling everything.

There is usually a shock in store for the guest who comes to this gentleman's house for the first time though. Naturally the guest is impressed with the canapés. Naturally he tells his host they are delicious. Naturally the host is pleased. He smiles. Then he shoots the question that puts 99 out of 100 guests back on their, at least, heels.

"Tell me," he says earnestly, his brow wrinkled with concern, "What did you think of the dog food?"

THE TRADING POST

Letters

From T. H. McGraw, Jr., president, Braeburn Alloy Steel Corp., Braeburn, Pa.:

"... When you add the defense requirements for steel to normal civilian requirements it is quite possible that this total will exceed the capacity of our country to produce. In such an event, the National Defense Commission should have the right to ration and give priority in order that the defense program may receive first consideration for its immediate demands.

"This reasoning is not at all opposed to increasing industry's capacity, and I don't think there is any question but what industry is attempting to increase its own capacity. One way to increase capacity is to increase the 40-hour week. In order that the worker can assume his portion of the responsibility of this emergency, time-and-a-half overtime, in my opinion, should be done away with.

"In order that the capitalistic or ownership side should assume its portion of the responsibility, the percentage of profit or return upon capital invested should be distinctly limited, in keeping with the emergency. This is the joint responsibility of workmen and industrialists, and each group must contribute their fair share of sacrifice.

"Every effort should be made to prevent undue inflation of prices, either in wages or consumers' requirements or cost of living. We are not undertaking this preparedness to create prosperity, but rather to courageously fulfill our destiny among the nations."

From R. B. White, president and general manager, Exchange Sawmills Sales Co., Kansas City, Mo.:

"... While I have not analyzed in detail the proposal of the Twentieth Century Fund, reported in your Oct. 5 issue (p. 20), I note one of their conclusions is that the government should offer inducements to private building operations and locate defense activities so as to avoid risks too great for private capital. While the government inducements may be necessary for strictly defense activities—and this might include a certain amount of housing—nevertheless, I am not altogether sympathetic with the idea of too much government inducement in the private-home field. This should and can be taken care of largely by private enterprise, except possibly in cases where large-scale housing is required strictly in connection with defense activities.

"Among other aspects of the current housing situation, the question of procurement and purchasing comes to my

mind, and I make these suggestions:

"1. Centralize the purchasing of all building materials, including lumber and timber products, under the control of the quartermaster-general, in the case of cantonments and barracks.

"2. Work out schedules of deliveries of all materials over as wide a period of time as possible and reduce the size of the eligible bid unit to the smallest feasible volume, in order to distribute purchases as widely as possible and thus increase the availability of materials."

Thank You!

Many readers have written or called to tell us what they think of our new dress. A few comments:

C. W. Ruth, director of advertising, Republic Steel Corp.—"Business Week's new dress makes it still easier for me to read your intensely interesting publication."

W. S. Acuff, Jr., general sales manager, Keasbey & Mattison Co.—"... I want to compliment you on the dressing up of your publication... It has more readability and the entire appearance is modern in every respect."

Philip D. Reed, chairman of the board, General Electric Co.—"... I heartily congratulate you on the results. It never would have occurred to me to engage the services of an industrial designer to improve and modernize the arrangement and dress of a publication. You did so with great success."

J. R. W. Ambrose, superintendent, Toronto Terminals Railway Co.—"Business Week is always good. However, I have a suggestion: The 'barometer' is the first thing I examine, but it is difficult to read because the scale is not orthodox, inasmuch as the 5-points are enlarged rather than extended as in an engineer's scale."

(But the 'barometer' is intended only to indicate relative changes. For a more precise reading of the index, Reader Ambrose is referred to page 11.—Ed.)

Wallace T. Montague, asst. vice-pres., Norton Co.—"... You have made a distinct improvement in the appearance of the magazine. To me it seems more readable—not quite so chopped up."

Charles E. Coe, Dodge Division of Chrysler Corp.—"... I have examined it with interest and wish to compliment you on its new appearance."

L. H. Geyer, Ingersoll-Rand Co.—"Add my congratulations to the many you must have received on the new dress. It is certainly an improvement—better typography, more logical arrangement, and certainly a better color for the cover." W.C.

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THE TREND

AMERICA IN THE WAR'S SECOND PHASE

In August, 1939, a group of giant German transport planes swooped down on the vast Moscow airport, Reich Emissary Ribbentrop and his aides were whisked through the streets of the Red capital to the Kremlin, and—a day later—Germans and Russians announced to a shocked world that those long-bitter enemies had signed a non-aggression pact. It is plain now that Nazi military leaders demanded this security in the east before opening the assault on Poland, because they knew their attack must precipitate war with France and Britain.

• The events of the first 14 months of this war, viewed in retrospect, piece together neatly into a single, clear-cut campaign. Hitler's avowed aim was to "crush Britain," and, after the spectacular success of his bold dash into Norway, the rout of the Allies in Flanders, and the disastrous collapse of France, it looked as though he might achieve his goal. But Britain has courageously withstood four months of battering from the air, has managed to maintain a naval blockade of the continent, and has returned every visit of the Nazi bombers with a promptness and gusto which indicates that Britain is far from crushed. In less than a year, Hitler accomplished much of what he was after—almost complete control of continental Europe, as well as repayment of his obligations to Stalin in the form of territorial concessions in Finland, the Baltic states, Poland, Rumania. But the dream of breaking up the British Empire by striking one quick, fatal blow at its heart failed.

We are now entering the war's second phase; it is well to understand the new objectives of the Axis powers, and their probable tactics, for in this phase the United States is going to play a far more active role whether or not it becomes an actual participant in the war.

• Like the first, the present phase is starting with a Soviet-German conference, this time in Berlin with Mr. Molotov, Russia's powerful Premier and Foreign Commissar, making his first official visit outside the Soviet Union. This time, Germany is making a deal in the south—the teeming, troubled Balkans and the rich and only partially exploited Near East. Since Britain could not be cracked at home, Hitler is forced reluctantly to take another course. He must strike at the empire and the first places at which it can be attacked from blockaded Europe are Gibraltar and Suez. If he can conquer either, he has broken the blockade that threatens ultimately to starve him. And if he breaks through to Suez, he is free to grab for the rich Mosul oil fields and Britain's great Middle East oil base on the Persian Gulf.

But before the Axis could move with force and sureness in this direction it had to make its deal with Moscow, and promise its pound of flesh. Now it must act quickly, for there is no time to spare. Italy has been too

short of oil all summer to risk any uncertain air or naval maneuvers in the Mediterranean. It is reliably reported to have stocks of cotton to carry the textile industry for no longer than four more weeks. Germany itself is still operating on an economic shoestring. Holland, Denmark, and northern France gave it a supply of all kinds of foods and fats that is enough for one winter only. France and Belgium and Poland have given it control over the greatest iron ore reserves in Europe. But only in Poland and Rumania has it secured oil and then only a trickle compared with its needs.

So, having been forced to stop short of its goal in the first lightning attack—either of breaking the blockade or of subduing Britain—the Axis must move quickly into the second phase. Every reserve must be put to work at once; every trick must be played or Germany's prestige will ebb, Britain's defense will become less vulnerable, and American supplies will begin to cross the Atlantic in decisive quantities.

• The war may now be expected to spread. London will still be bombed but the next real drive will be aimed at the Near East and at the "bridge of ships" which Britain must maintain between this continent and the Isles. And there will soon be fresh activity in the Far East, for Japan, since it has cast its lot with the Axis, will be expected to "keep the United States off Europe's back."

Washington has shown it is aware of the new dangers. The State Department has just established another listening post on the western bulge of Africa near Dakar; another agent will leave soon for Freetown, British West Africa. A third has been rushed to Horta, in the Azores, to see all that goes on in these strategic islands a thousand miles off the Portuguese coast.

In the Far East, Japan's new demand on the French for the right to land troops at Saigon is watched suspiciously. Saigon is much too far south in French Indo-China to have anything to do with Tokyo's China policy. Because it is south of our naval base at Manila, Washington will be on the alert for the next Japanese move for fear it is aimed at the Dutch East Indies and timed to keep us out of Europe when Britain is hardest pressed.

• And in Wall Street this week there were fresh rumors of a huge loan for Canada, a deal to stabilize the Canadian dollar, a plan to remove the shackles which prevent the reciprocal flow of investment funds between the Dominion and the United States—all growing out of "leaks" from intense conferences in Washington, in Ottawa, and in New York on future cooperation between Canada and the United States. The United States is not yet an active participant in the war as it enters this new phase, but on Washington as much as any other capital rests the responsibility for the outcome.

The Editors of Business Week

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